Airbus iostles **Boeing for** airspace, Page 14

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**EUROPE'S BUSINESS NEWSPAPER** 

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### World news

Nand

# **Soviets** dismiss Israeli demands

The Soviet Union dismissed its talks with Israeli officials in Helsinki as a session that led nowhere because of "arrogant" and unjustified Israeli insistence on discussing the

meetings between the two sides, who met for just 90 minutes in their first official exchanges in 19 years.

#### Pakistan deaths

The number of deaths in the current unrest in Pakistan reached 26 as demonstrators blocked roads and attacked government offices and police responded with tear gas and baton charges.

#### **Polish prisoners**

Polisb Justice Minister Lech Dom-eracki said the Government would like to have no political prisoners and was prepared to release promineut Solidarity member Zbigniew Bujak as soon as it was sure he would give up active opposition.

#### On-site inspection

The European Security Conference in Stockholm opened on an optimistic note as the Soviet delegate announced that his country would agree to limited on-site inspections for verification on the territory of each state. Page 2

### Tamil link inquiry :..

West German authorities are investigating a possible connection between 154 Tamils smuggled to Canada in a cargo ship and suspected \$1.5020 (\$1.4930); Y230.50 (Y230.00); FFr 10.0775 (FFr 10.0600), but was unchanged at DM 3.0925. It fell to

### Marcos wealth move

Swiss banks holding part of Ferdinand Marcos's alleged hidden wealth may return some of it to the Philippines within a year, a senior government officiel said in Manila. Page 2

### Soviet laser fire

The Soviet Union's space weapon programme suffered a serious set-back when fire destroyed its only airborne laser weapon laboratory earlier this year, the private Inter-national Defence Review monthly magazine said in Geneva. Page 2

iran blast kills 20

A car bomb exploded in a busy square in central Tehran, killing 20 people and injuring many others. Page 2

### Mandela film rights

Camille Cosby, wife of US TV comedian Bill Cosby, has won exclusive rights to make a film about the life of black nationalist Winnie Mandela, wife of imprisoned South African opposition leader Nelson Man-dela, the Cosbys' lawyer said.

## Sowetan speaks out

The Sowetan, South Africa's leading newspaper for blacks, said that executions by "necklating" - igniting a petrol-soaked tyre around the neck - threatened to turn blacks into a nation of barbarians. Reagan sanctions plan, Page 2

## Stolen painting found

Picasso's "Weeping Woman", stolen from Australia's Victorian National Gallery 17 days ago, was found un-damaged in a railway station locker after a tip-off-from an anonymous

#### caller to a Melbourne newspaper. Potato messages

The 330 workers who seized a huge gas rig off northwest Australia said they communicated with their families by getting the bottericketers among them to hur! potatoes containing hidden messages across in a taining hidden messages across to a support barge. Sit-in ends, Page 3

### Bull sees red

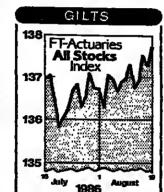
A bull charged a bright red fire-engine in Dorpstraat, north-west Belgium, causing \$7,000 worth of damage. The three firemen inside were badly shaken and the bull was taken to a veterinary surgeon.

# Business summary

# Hanson recoups price of SCM

ate, is to sell its Durkee Famou Foods business, acquired this year in its takeover of SCM of the US, to Reckitt & Colman of the UK for fate of 2m Soviet Jews.

Soviet Foreign Ministry spokesman Gennady Gerasimov said
there were no plans for future



LONDON equities failed to sustain an early rally and the FT Ordinary index ended 5.8 lower at 1,267.8 Page 34

WALL STREET: The Dow Jones in-dustrial average closed down 6.61 at 1,862.91. Page 34

TOKYO stocks advanced to a fourth successive record high. The Nikkel market average rose 195.17. Page 34 DOLLAR fell in London to DM 2.0580 (DM 2.0705); SFr 1.6580 (SFr 1.6755); FFr 6.71 (FFr 6.7375), and Y153.40 (Y154.10). On Bank of England figures the dollar's index fell to

SFr 2.4900 (SFr 2.5025). The pound's exchange-rate index rose 0.3 to 72.0. GOLD fell \$2.5 to \$375.25 on the London bullion market. It also fell

in Zurich to \$374.125 from \$377.75. In New York, the Comex December ent was \$381. Page 26 are said to have belped US telecom-

munications equipment manufac turers win more than \$1bn in or-

CANADA: Study by accountants Coopers and Lybrand for Federa Department of Finance said the office of the Inspector General of Banks needed extensive changes to improve bank supervision and regu-

WEST GERMANY has taken over from the US as the leading exporter to the Spanish market in the first half of this year. Page 4

WEST GERMAN. Shipbuilding: Crisis in the industry claimed another victim, with the decision of the Nobiskrug yard at Rendsburg, Schles-wig-Holstein, to file for protection from its creditors. Page 17

UNILEVER, Anglo-Dutch consumer group, has built up a stake of almost 33 per cent in Naarden, the Dutch fragrances and flavourings company with which it is holding takeover talks. Page 17

DEERE, world's leading farm-equipment manufacturer, lost \$39.6m or 58 cents a share in its third quarter, and seems certain to report its first annual loss since

1933. Page 17 HEWLETT-PACKARD, US electronics and computer manufacturer, reported a 6 per cent rise in net earnings for the third quarter with

# Australian budget seeks A\$3bn cut in state spending

ferred.

BY EMILIA TAGAZA IN CANBERRA

THE AUSTRALIAN Labor Govern ment yesterday announced the country's toughest budget for more than 30 years. The government spending programme is to be cut sharply by A\$3bn (US\$1.9bn) in an effort to reduce the budget deficit and restore international confidence in the economy and the Australian dollar.

Mr Paul Keating, the Federal Treasurer, set a target deficit for 1986-87 of AS3.5bn. a figure thet may be politically difficult to

The spending cuts were sharper than expected during the weeks leading up to yesterday's announcement, when AS4bn was generally accepted as the lowest possible defi-

The projected A\$3.5bn deficit is equivalent to 1.4 per cent of gross national product and compares with an actual shortfall of A\$5.7bn in 1985-86 or equivalent to 2.5 per cent

The Australian dollar reacted fament was displayed this month vourably to the budget, adding 0.5 when two by-elections near Sydney

 Budget deficit cut from the Labor Party.

ASS.7bm to AS3.5bm. The budget projects a rise in Federal Government spending to A574.76bn from A\$69.92bn, which • A\$3bu cut from government spending. A wide range of tax in-creases, including higher after inflation means a cut in real charges on petrol, huxury cars terms to 29.4 per cent of GDP from 30.1 per cent. Personal tax cuts have been

To achieve that, some A\$3bn is being cut from spending pro-Real wages to fall 2 per cent in grammes, with the axe falling most 1986-87, after 2 per cent fall in 1985-86. heavily on social security, bealth, education, defence and overseas

US cents in London to 63,055, after In 1985-86, spending grew by 2.5 per cent in real terms. A spending increase in similar terms this year But while the deficit figures have would have resulted in a projected kets and will shore up the bettered

budget deficit of A\$7.5bn. Combined with reductions in State Government borrowings, the large cut in the budget deficit will dramatically lower official demand

> Continued on Page 16 Keating's path for recovery, Page 3; Editorial comment, Page 14; Lex, Page 16

# Stoltenberg outlines plan for early tax reforms

touching 64.20 in earlier trading.

een welcomed by financial mar-

Australian dollar, the budget will inevitably affect living standards.

Recent polls have shown an ero-

sion in public confidence in the han-

dling of the economy by Mr Bob Hawke's government. Dissatisfac-

tion with the economy's manage-

BY RUPERT CORNWELL IN BONN

right coalition plans a swift start to its promised tax-reform programme if, as seems likely, it is returned to power at next January's election.

The programme involves cuts in personal income, corporate and company property taxes worth a to-tal of DM 40bn (\$19bn):

The measures, sketched out yes-terday by Mr Gerhard Stoltenberg, the Finance Minister, would mean a net reduction of about DM 20bn in the tax burden of individuals and

Mr Stoltenberg has never concealed his goal of presiding over a more fundamental structural reform to the West German tax system to build on the DM 19.4bn tax cuts and increased allowances being phased in over two stages, this year and in 1988.

Quite apart from the obvious eleccampaign for next January's poll

the West German tax system is election campaign. strongly advocated by bodies such as the Organisation for Economic Co-operation and Development

(OECD) to breathe fresh life into the country's somewhat stodgy Mr Stoltenberg declared that the reforms would be a top priority for the next parliament. But his reputation for almost obsessive fiscal pru-

dence has not been lightly won. He indicated that not only would the industry. The Government intends to recover half the cost by reducing subsidies and closing loopholes or, failing that, increasing various inditions that, increasing various inditions the cost trace. "No responsible politician can just promise voters before elections

that the tax burden is going to drop by DM 40bn or more during the next parbament, he said. The Finance Minister delivered a

tirade against "soak-the-rich" fiscal policies of the opposition Social Democrats, which are due for a toral appeal of his proposals, as the wide airing next week when the SPD party congress in Nuremberg

WEST GERMANY's ruling centre- begins in earnest, an overhaul of is due to finalise its platform for the

The SPD's plan to bring in supplementary charges for people with high incomes, to help to finance cuts for middle earners, would sim-ply penalise professional endeavour success, and bave "intolerable consequences. The Social Demo-crats were in practice treating people on average incomes as highly paid, Mr Stoltenberg claimed.

For individuals, the main impact of the Government's proposals, which have yet to be finalised, will be to take many middle-income earners out of higher tax brackets and to increase basic and child allowances across the board.

Between 1960 and 1988, the pro portion of taxpayers liable to higher rates will have jumped from 5 per cent to 66 per cent, Mr Stoltenberg

On business, the Government wants big changes in the existing corporation tax, a cut in the level of pany property taxes, and remo val of the much disliked turnover tax on stock-market transactions.

# London emerges as top foreign exchange centre

By George Graham in London LONDON'S place as the world's leading foreign-exchange centre was confirmed yesterday as the central banks of the UK, the US and Japan published the results of

surveys they conducted simultaneously this year. Turnover in the London foreignexchange market averaged \$90bn a day, compared with \$50bn a day in New York and \$48bn a day in Tokyo. A further \$8.5bn a day of for-

eign-exchange trading was carried out in New York by investment bouses not classified as banks, but those were not surveyed in London. The London survey was the first

of its kind carried out by the Bank of England, and the figure of \$90bn nearly double recent estimates in New York, where the survey bas been carried out by the Federal Reserve Bank every three years since 1977, turnover bas risen by 92 per cent since 1983.

The figures provide a snapsbot of the vast and rapidly growing for-eign-exchange market. When the Group of 30, a research organisation backed by financial institutions and multinational companies, last year estimated world foreign-ex-change turnover at \$150bn a day, some observers were incredulous, but yesterday's figures total \$188bn for the three main centres alone.

The Bank of England's figures sbow, however, that only 9 per cent of banks' total trading volume is ac-counted for by deals done directly with customers, although the Bank notes that a number of separate in terbank transactions may be needed for a bank to cover its cus-

tomer's needs precisely.

In the UK, trading between ster-ling and the US dollar formed the largest segment of the market, accounting for 30 per cent of trade against 28 per cent made up by dollar/D-Mark trading.
In New York, however, the D-

Mark and the yen ranked ahead of sterling. The Fed said trading bad become more concentrated in those three currencies, while Swiss franc, Canadian dollar, French franc and Dutch guilder trading bad all deover. Trading in London was more

heavily concentrated on the spot market, where delivery is usually made within two days. Spot trans-actions accounted for 73 per cent of turnover in London, with almost all the rest made up by forward deals. Foreign currency options and futures were insignificant, the Bank

of England said, making up well un-Continued on Page 16

Second to none, Page 9

# **Growth data** put pressure on US rates

BY REGINALD DALE IN WASHINGTON AND PAUL TAYLOR IN NEW YORK

US ECONOMIC growth slowed to a sterling. Wall Street equity prices this year, with gross national product advancing at a real annual rate of only 0.6 per cent, the Commerce Department said yesterday.

The new figure, a sharp downterest rates to stimulate the econo-

The Fed's policy-making Open Market Committee was meeting behind closed doors in Washington yesterday, probably to consider a new cut in the discount rate, according to financial analysts.

The revisioo in the GNP figures sparked an immediate rally in the US credit markets, where it spurred bopes of an early Federal Reserve Board discount rate cut, and sent

ing to 7.19 per cent from 7.27 per cent at the Monday close. US money market rates were also marked ver in anticipation of an early Fed cut.

The lower interest rates beloed to send an already weak dollar falling to DM 2.0545, Y153.35 in early New York trading. It was \$1.5030 against

snail's pace in the second quarter of after taking an initial tumble, had mainly recovered by lunchtime. tween April and June was interpret-

ed by some private economists as a The new figure, a snarp down ward revision of the department's ing in any particular direction, was earlier estimate of 1.1 per cent, was necessarily a clear indication of recession. The imminence of the No-Federal Reserve Board to ease in-vember 4 mid-term congressional elections, bowever, was seen as increasing pressure for lower interest

The Commerce Department said that the growing US trade deficit, particularly as a result of declining agricultural exports, and a slower build-up of business stocks were the main reasons for the weaker than expected growth. Many private analysts had expected that the original 1.1 per cent figure would be revised marginally upwards.

long bond gained almost a full point to 100-%, sending the yield plunging to 7.19 per cent from 7.22 cline in the third.

With an increase of 3.8 per cent in the first quarter of this year, the revision brought the department's cal-culation of growth in the first six

Continued on Page 16 Currencies, Page 27

# Standard's Far East rescuers join board

BY DAVID LASCELLES IN LONDON

fight off a £1.3bn (\$2bn) hostile profits to £131m for the first half of takeover bid by Britain's Lloyds this year. Standard's share price Bank are to join the 16-man board fell 15p to close at 722p, adding to of the UK-based international bank.

Yue-Kong Pao, the Hong Kong ship-dramatic rescue operation in mid-15 per cent of the bank's stock, is to become his deputy chairman. The other new directors are Mr Robert businessman who owns 6 per cent. and Tan Sri Khoo Teck Puat, the Sinpapore financier, who has 5 per

Mr Peter Wno, Sir Y.K.'s son-in-Godown Company, also becomes a director. He is expected to be the chief representative of Sir Y.K.'s in-

THE THREE Far Eastern investors Standard yesterday also dis-who helped Standard Chartered to closed a 2 per cent fall in pre-tax Lord Barber, Standard's chair- tors, who acquired most of their man, announced yesterday that Sir shares at over 800p during their

Mr Michael McWilliam, Stan-dard's chief executive, denied that Holmes a Court, the Australian there was any understanding with the new board members that the bank would be split up or restructured to enable them to acquire portions of it. "Their main concern is. like ours, to improve the perforlaw and managing director of his mance of the bank as a whole, be Hongkong and Kowloon Wharf and said. "They will not be passive directors, but they will not be hostile.

Lex, Page 16; Details, Page 20

# Airbus sales slide as **Boeing orders soar**

BY DAVID MARSH IN PARIS

SALES of the European Airbus nosedived during the first six months of 1986, exposing the four-nation consortium's difficulties in the face of burgeoning orders and profits at Boeing, the world's big-

gest airliner maker. The Europen concern sold 63 aircraft during the first half, 44 of which were the new narrow-body A-320, due to enter service in 1988. That was a 19 per cent drop com-pared with 78 sales, of which 31 rep-30 per cent jump in net income for resented the A-320, during the first the first half. half of 1985.

Difficulties encountered by Air-

Three UK defence contractors vesterday declared their interest in participating in any successful bid by Boeing to supply Britain with an airborne early warning system. The US aerospace company is offering its E-3 to dis-place the troubled Nimrod pro-

gramme being developed by GEC of Britain. Details, Page 9 Commercial difficulties at Airbus have heightened the desire of the

# investment trust bid talks

By Charles Batchelor in London

BRITISH PRINTING & Communication Corporation (BPCC), Mr Robert Maxwell's publicly quoted information group, is today expected to launch an agreed takeover bid worth more than £300m (\$450m) for Philip Hill Investment Trust. If the bid succeeds, BPCC is ex-

pected to sell off the trust's stakes m a wide range of British and overseas companies and use the funds raised to finance an ambitious expansion programme.

# Maxwell in

BPCC is also expected to disclose today the acquisition of a large pub-licly quoted US printing and pub-lishing company. When BPCC an-nounced on Monday that it had

# **Europe:** go for the encore.

Following spectacular growth in 1985 European markets have consolidated in the first half of this year. Many financial advisers are now looking again towards Europe for dynamic growth.

### The Oppenheimer European **Growth Trust**

aims to capitalise on the obvious benefits of low interest rates, low inflation, dramatically reduced energy costs and the general climate of political stability. European markets are still relatively cheap.

### Currency Gains

In addition to the healthy outlook for stockmarkets, clients will benefit further if the pound continues to weaken against major European currencies, for example the Swiss Franc has appreciated 15% against Sterling so far this year.

Oppenheimer was one of the first to forecast the major European potential in late 1984. Our European fund was the top performing of all authorised unit trusts in 1985 and is currently up 59.9% over the 12 months to 1st July.

For a copy of our latest European brochure call 01-489 1078 or write to Oppenheimer at 66 Cannon Street. London EC4N 6AE.

A member company of the Mercantile House Group.

#### revenues up 11 per cent. Page 17 bus in selling its medium-to-long-range wide-body jets, the A-300 and A-310, have coincided with booming companies and governments backing the consortium to enlarge its FRUEHAUF, Detroit-based US automotive and truck company, conmore than doubled pre-tax profits competitive with Bocing. orders at Boeing for its 737 and 747 firmed that it had received a sweet to £27.5m in the first half of 1986 it said the US deal was imminent. Plans focus oo proposals to build the A-330 medium range and A-340 ranges - types of aircraft for which Airbus at present offers no competby Asher Edelman. The five-month long-haul airliners to move into ing models. Boeing's total jet trans-Philip Hill has had Lord Keith, a battle for control of the company port orders in the first half came to higher-capacity parts of the market 247 aircraft worth \$12bn. at present dominated by Boeing. formidable figure in the City of London, as its chairman for the close to resolution. appeared Page 17 Airbus Industrie, owned by Aero-According to Mr Michel Lagorce, past 19 years. The trust owns sizespatiale of France, Messerschmitt-Bölkow-Blohm of West Germany, able holdings in companies such as Shell, BTR, the industrial conglom-CARTER Hawley Hale, Los-Andirector general of civil aviation at geles based US department store the French Transport Ministry, Air-British Aerospace and Casa of erate, ICI, Prudential Assurance group, reported a 50 per cent in-Spain, is operating at a substantial and Bass, the brewer. with plans for the A-330 and A-340. crease in second-quarter net earnings due to higher gross margins ing, by contrast, bas just Continued on Page 16 Feature, Page 14 and tight expense control, Page 17 announced record earnings and a CONTENTS the Editorial comment: Austra-Portugal: reforming lia; Gorbachev tests West. 14 Companies ..... 17, 19 public sector ..... 2 ds . . . . . . . . . . . . . . . . . 19 America ..... 4 Bolivia: drugs war creates a Airbus: a bid to break into Financial Futures ...... 27 Companies ...... 17 Overseas ...... 2, 3 dilemma ...... 4 Boeing's airspace ...... 14 Companies ...... 18 Letters..... China: the rush of tourists UK legal profession: a less World Trade ..... 4 Britain ..... 9-10 Companies ..... 20-22 Men and Matters . . . . . . . . . . . . Technology: computerised Lex: Standard Chartered; travel reservation ...... 11 BPCC; Australian budget . 16 Management: IBM's indus- Tianjin: nmegcial Law 10 Techn amodifies 26 Unit T Technology II Unit Trusts 23-25 Crussword ...... 28 Weather ...... 16

< 1

Moscow eases on-site inspections stance

Conference reopened here yes- tion and agreed to inspections terday on an optimistic note as an principle.

the Saviet Union announced it Mr Oleg Grincysky, head of wanld agree to limited inspec- the Soviet delegation, yesterday

armament in Europe since of field exercises, nat af garribe remayed. Time is running January 1984 but looked set to sons and sensitive installations, out, and we still have problems

tions for verification of military agree about issues relating to activities, but by the end of the the natification of troap movements still has to

walld agree to himben inspections of inflitary activities.

The conference, which includes like US and Canada and all the European countries hasis of a limited quala. By except Albania, has been dis-cussing confidence—and secur-ity—building measures and dis-cussing measures and dis-cussing confidence—and secur-ity—building measures and dis-cussing confidence—and secur-ity—building measures and dis-cussing confidence—and secur-cussing confidence—and secur-tions a year an the territory of cuspidence—and dis-cussing confidence—and dis-cussing confid

fail. The conference seemed which have not heen resolved to fail earlier this sumally it would not agree to inspect one when delegates cauld not day.

tary infarmation.

There was a breakthrough of sorts shortly before the conference adjaurned in July when the Warsaw Pact dropped demands that military activity in theair shauld be covered by the con-ference. However, with only

THE EUROPEAN Security last session, changed its posi-ments and the exchange of mili- be settled. The West would like to have a blanket agreement covering all troop movements. whereas the East would prefer to pin down particular troop movements which would have to he notified.

> The meeting bas to wind up by September 19, before the Canference an Security and Cooperatian in Europe follow-up meeting in Vienna in November.

Mr Oleg Grinevsky (right): Times is running aut for agreement at the European



# Warsaw sets condition for releasing Bujak

THE POLISH Government says it is prepared to release the country's mast prominent political prisoner. Mr Zbigniew Salidarity guoton. Mr Branislaw freed," said Mr Dameracki. He Bujak, as soon as it is convinced he will give up active apposition. Mr Bujak was arrested in May after leading the Solidarity underground for three-and-s-half years.

Solidarity works as been accused of adding him in the underground, the ruling political with were at adds, aver whether tagging political prisaner who was a soon as it is convinced he will give up active. Asked about Mr Wladystaw with the ruling political with the ruling political with the ruling political prisaner. But "of course, there are different views."

He defined there were taculars in the underground, the ruling political with the ruling political with the ruling political prisaner who was a standard to the ruling political with the ruling political with

the Solidarity underground for faur and a half years.

Mr. Lech Domeracki, the Justice Blimster, said yesterday in an interview that the Govern-ment was ready to free Arr Bujak under the current amnesty which ends Sept-ember 15. His release, however, wauld depend an whether the

jor setback when fire destroyed its

monthly magazine said yesterday,

Quoting informed sources in

Washington, the Geneva-based IDR said that "in the eyes af the US mili-

tary intelligeoce, and research and

development community, this loss

could represent a major blow to the

IDR, which specialises in military

equipment and strategy, said the Il-

yushin Il-76 aircraft that housed the

laboratory was destroyed by an un-explained fire oo the ground late in

The heavily-modified aircraft

served as the platform for a proto-type,laser weapon intended for use

May or early June.

Soviet development programme."

Reuter reports from Geneva.

Soviet airborne laser

lab 'destroyed in fire'

THE SOVIET UNIONS space against satellites ar attacking weapon programme suffered a macruise missiles, IDR said.

only airborne laser weapon labora-tory earlier this year, the private in-ternational Defence Review (IDR) gramme started several years ago and, assuming successful develop-ment, limited deployment could

last year, the Justice Minister said antly that the "average Pole" was nat interested whether he was in prison or not. The release of both he and Mr Bujak has been made a precondition by the appasition far authorities were "convinced he entering into a limited dialague will behave well." entering into a limited dialague

The magazine said the laser pro-

bave started early in the 1990s.

The laser laboratory was part of Moscow's equivalent of the Ameri-

can Strategic Defence Initiative

(SDI), or Star Wars project, IDR

perpower negotiations on space and

The Soviet Union has denied that

farming aur had been freed undec the

He claimed the streogtheniog af the pawer of the state in Poland had weakened the "anti-socialist forces" and led to greater leniency on the Gavernmeot's part which was expressed in the amnesty.

Mr Jerzy Urban, the government spakesman, said yesterday that 70 political prisaners

the amnesty. It was recently used ta free two ather former Salidarity leaders Mr Bogdan Lis and Mr Adam Michnik.

Anather gavernment official said privately that talks taking place between Mr Bujak and Interior Ministry officials could be crucial for his release. There was a strong bady af opinion in the government, he said, which favoured putting him on trial. However, this did not preclude his release, which wauld be made in an applicatian ta the public prosecutor under a special provision of the amnesty. It was recently

# Appeal rejected over frozen Libyan assets

BY DAVID LANE IN ROME

A TOTAL of L35hn (\$24.6m) of assets held in Italy by Libyan banks ftalian banks and the Libyan Emare to remain frozeo as a result of a court ruling in Milan yesterday.

The funds bave been frozen since proceedings by two small Italian

it has such a space weapon pro-gramme and called on the US to for the supply of earth-moving and materials-bandling equipment to the Libyan Government abandao Its Star Wars project at su-

Judge Francesco Pisanı ot Muan nuclear arms The US Defence Department's annual publication, Soviet Military rejected the appeal by Banca Commerciale Italiana and Credito Italia-Power, bas said for several years no, two of the five Italian state-controlled banks bolding the frozen that the Soviet project started well before the American space weapon effort and was substantially greater than the US programme. Libyan deposits, and a lawyer representing six Libyan hanks and the Libyan Government.

However, he also ruled that the bassy in Italy could eventually ap

peal to a higher court.

Earlier this month, a Milan court the end of July as the result of legal ordered the Lihyan assets frozen oo a request by Co Fa of Milan and C.F. of Piacenza, which claimed They were seeking to enforce with Libya amounting to L7bn and payment of outstanding accounts dating back to 1981.

At least 20 other Italian companies claiming overdue payments af about L200bn from Lihya bave also said they plan to seek the freezing of more Libyan assets in Italy.

Milan court sources said no ac-tion was being considered against a 15.19 per cent stake beld in Fiat Spa, Italy's largest carmaker, by the Italian-based Libyan Arab Foreign Investment Company.

# Lisbon grasps nettle of public sector

IN MARCH 1975 Portuguese revolutionarles selzed privately Diana Smith describes revolutionarles selzed privatelyowned banks, basic lodustry
and commerce amounting to 53
per cent of Portugal's grass
fixed capital formalion and
dragged them into the public
net, hoping to propel the
cauntry tawards Soviet-style
cauntry tawards Soviet-style

state capilalism.

The revolutian ended a few mooths later, but its legacy re- companies. mains in a sector which has overburdened the taxpayer year after year white a successian of short-lived governments have tinkered with stopgap solutions.

Governments have been hampered by the 1976 constitution and its 1982 revision, which uphald "revolutionary conquests" and ban privatisation. The constitution is due for another review in 1997 1987. and only the Cammunists believe it is not time to delete the ideological slant.

Even Socialists, who as recently as 1982 insisted that "nobody lays a finger on the proposalized sector."

nationalised sector." now admit that Portugal cannot forever be held hack by the varacious financing needs of uneconomic companies wallowing in debt.
Last year, according to
Finance Ministry inspectars, 42
public sector companies, public sector companies, including hig aperatars like EDP (electricity, CP trailwayst, TAP (airtine). Siderurgia (steet). and CNP (petrachemicals) suffered operating losses of E554bn (£248m). There is one consolation: this was less than half the Es 121bn toss in 1984. But in the light af Partugat's madest 1985 grass domestic product of \$22.5bn public sector companies that could eventually be quoted on the stock exchange, will have much positive effect on their grim national resources.

national resources.

The companies have total bowever, be seen as an embryo assets of \$15bn and reserves of eventual privatisation:

An endemic weakness in right Cavaco Silva Government, which pramised like its prede-cessors to streamline the public sector, is pumping in the equiva-

tackle an onerous legacy revolution—the debtladen loss-making state

leot af \$500m in capital eodow-meots and subsidies this year. But it has attempted same hybrid solutions.

The Government published a decree-law extinguishing CNP, the petrochemicals company which managed to pile up a speciacular \$1bn of debi in four years. But the law may result in the corporation being snuffed out while the petrochemicals plan itself soldiers on.

With some public sectar companies, the Government plans to try another tack, turning them into publicly-limited companies subject to private sector criteria Studies are under way for transforming four of the worst-off nationalised banks—Uniao de Bancos Partugueses, Borges e Irmao, Fonsecas e Burnay and Totta e Acores—inta companies in which other state-owned enterprises would hold equity, and where shareholders wauld elect the board rather than it being Government appointed.

positive effect on their grim financial record. The mave can,

official resolve to prune the public sector radically is the habit gavernments have had of rewarding supporters with jabs as directars or managers. Salaries are modest by European standards but perks such as chauffeur-driven cars, ex-

Public sector managers would argue that it is difficult ta be effective when ministers deter-mined to make their mark cancel their predecessors' policies, cut off investment funds to be seen to be doing something, put

was created in only one night
— 14 March, 1975 — but it will take years to disentangle the resulting problems.



### Lawyers for **Bonde** Nielsen quit

LAWYERS defending Mr Jan Bonde Nielsen, the Danish businessman accused of breach af trust offences, have with-drawn from the case saying their client cannat expect a fair bearing in the appeal court.

Mr Bande Nielsen, farmer majarity sharebolder and maoaging directar al Capenhagen's Burmeister & Wain shipyard, was cleared last June, after a trial lasting more than a year, of all the charges against him. These involved abaut DKr 146m (fllm) in connection with transactions in B & W shares.

The verdict, now the subject of an appeal, was regarded as a serious setback far the palice ecanamic crime section, which invested cansiaerable prestige and resources in prasecuting Mr Bonde Nielsen. His lawyers, Mr Jesper Berning and Mr Jahn Karsa Jensen, claim the palice have used methods which make a fair trial impossible. The appeal court case will be "a lottery." they say, and they can-not continue to lend legitimacy 1a the proceedings by acting in deleoce of Mr Bonde Nielsen.

Earlier this month, the latter alleged at a news canference alleged at a news canference, at which his lawyers were present, that the appeal court judge originally scheduled ta bear the case had said, in the presence of witnesses, that Mr Bande Neilseo was "a swindler" and that he would "find a way of getting him." Mr Bonde Nielsen challenged the judge to sue him. The judge, who is not now in line to hear the case, said he did not recall the remark.

Mr Bonde Nielsen, who now lives in London, says he intends to return to Copenhagen for the

#### France names minister for Europe By David Marsh in Paris

MR BERNARD BOSSON. a French junior minister, has been promoted to lake over a new partfalio far European affairs in a minar shuffle af France's right-wing government. The absence of a Mioisler for Europeao Affairs has been regarded as an omissian likely to cause difficulties with France's Community partners.

Hawever Mr Bosson - in line with the experience of accu-pants of the post during the previous Sacialist administration - is likely to have little

room for independent action.
The Ministry is under the thumb of Mr Jean-Bernard Raimand, the Foreign Minister.
Mr Raimond himself moves in the shadows of foreign relies decided making as the policy decislan-making as the main dossiers are determined through a delicate pracess of power-sharing between President Francois Mitterrand and Mr Jacques Chirac, the Prime Minister.

His nomination was accom panied yesterdsy by the announcement that Mr Camille Cabana, up to now Minister for Privatisatian, is moving to a new juniar portfalio under Mr Chirac in charge of administralive reform.

Mr Gerard Languet, farmerly state secretary in charge of pasts and telecommunications has been elevated to full responsibility for this sector. But he will remain under the authority of Mr Alain Madelin, the Industry Minister.

# with Vranitzky

CHANCELLOR Helmut Kohl of West Germany and Chancellor Franz Vranitzky of Austria are due to meet today to ease tension over a planned auclear power plant in Bavaria and discuss an accord to ex-change information about nuclear plants, diplomatic sources said yes terday, Reuter reports from Vien

The first meeting is to be held at the Austrian lakeside resort of SI Gilgen, east of Salzburg, where Mr Kohl bas rented a holiday home for the past 20 years.

# Reagan plan to limit S. Africa sanctions

By Reginald Dale, US Editor, in Washington

PRESIDENT Renald Reagan hopes once again to head off congressionally imposed US saucitons against South Africa hy introducing his own measures pre-emptively next month, according to Administration officials.

Mr Reagan's aim is to extend the list of timited sanctions that be imposed just under a year aga in the hope that he can then uphold a presidential velo on the more sweeping measures under consideration on Capital Hill. tbey said.
The plan is inlended to he

a repetition of Mr Reagan's successful tactic of last September, when he forestalled congressional actian by introducing his own measures by executive order. They included hans on the import of gold Kerugerrands. on hank loans to the Preforia
Government and on US
exparts af computer and
nuclear technology.

Mr Reagan is now being
nrged by his advisers to add
further captions when he

further sanctions when he renews thase measures, which

expire early next mouth, officials say.

Mr Reagan's task, hawever, is likely to be much mare difficult than last year, given the political mamenlum that has huill up behind tough new sauctions on Capital Hill in recent weeks.

Mr Reagan would choose

in recent weeks.

Mr Reagan would choose from a list that included withdrawing US landing rights from South African Airways, freezing non-diplomatic US bank accounts of the South African Government and stale controlled companies, and denying US visas to lbcir employees, the officials said. Such measures. in the Administration's view, would step un pressure on the white South African Government without causing economic damage to the majority black nopulation. The South African Gavernment, which on Monday named 8,500 people held under a state of emergency.

further lists of detainees, Renier reports announcement, from the Ministry to Law and Order. Supported estimates by independent moniloring groups that more than 10,000 people have been rounded up since the nallonal emergency

said laday It would publish

was imposed on June 12.
It said a list submitted to parliament vesterday by Law and Order Minister Louis le Grange dld not include people detained during the newinus 30 days or those released after less than 30 days.

### Car bomb kills 20 in Tehran

TWENTY people were known last night to have been killed in yesterday's rush baur car bamb explasian in central Tehran, Tehran Radio said, Reuter reports fram Tehran, Many were also said to have been injured when a serond ear bomb exploded in

a crowded central square, the official Islamic Republic oews agency said.
Our Foreign Staff writes: The Iranian Government yes-terday blamed the People's Mojaheddin of Iran, the main opposition group, for the

xplosion.
From Its Paris office the movement condemned any such form of bombing of

# Tanzania—IMF agreement ends longstanding feud

BY MARY ANNE FITZGERALD IN NAIROSI

TANZANIA has reached an Pressing economic problems agreement with the International Monetary Fund (IMF) for a standby facility of just under SDR 65m (£52m), diplopartial Day For Salam have a standard faculty was a standard faculty was standard fac

Mr Julius Nyerere and paves the way for a World Bank multi-sector rehabilitation credit millian dollars in aid from World Bank and other donars.

A World Bank mission conbadly needed to revilalise the есопату.

econamy.

The agreement was concluded after years of fitful negotiations that were taken up in earnest last year, shortly after Mr Ali Hassan Mwinyi succeeded Mr Nyerere. The first tranche is expected to be drawn down in September or Complex.

October.

The Finance Ministry despatched a letter to the IMF requesting access ta a standby facility on August 15, according la diplomats based in Dar Es Salaam. The formalily brought to an end a longstanding dis-pute between Tanzania and the fMF, which Mr Nyerere last year branced as "a calouial

niats in Dar Es Salaam bave conturned dawn.

The new agreement gives

The loan stguals a shift in Tanzania access to a further policy away from the doctrine loan of obout SDR 20m under af self-reliant socialism promultie Fund's newly created structural adjustment facility and payes the way for a World Bank

A World Bank mission con-chided a visit in Tonzania last week. The loan will consist of funds in support recurrent ex-penditure and quick reliability tian of the agriculture industry and transport sectors.

Lost June Tanzania presente a budget that bore the IMF balls ntark, ft included a 33.3 per cent devaluation of the Tanzanian. shilling, hiked producer prices and a ceiling on public sector borrowing and credit expansion. Since then the shilling has been readjusted against the currenctes of its trading partners on an almost weekly basis, todicating a willingness to implement further devaluations.

Early in June a consultative group meeting in Paris clicited donar pledges of \$300m annually for the next two years. Tanzania, above all other eauntries in Africa, has beld aut against the IMF on the graunds it is a capitalist iostitution explaiting like. Third World, Relations with the Fund plummelted when the last standby arrangement, extended in Seplember 1980, collapsed after only three months over a dispute an the laan's conditions. Sa.5bn foreign debt, recovery programme designed to spur agricultural and industrial growth. Donors have also indi-cated their willingness to re-

# Peres presses for early summit with Mubarak

BY TONY WALKER IN JERUSALEM

president, to cap his term as states. Israel's leader before be hands Mr

in 1984 were deadlocked.

ISRAEL fS pressing for an opposition at a time of early summit meeting between the Egyptian and Israeli leaders. Mr Avrabam Tamir, a senior israell officials, has been in Calro discussing preparations for a passible summit.

Mr Shimon Peres, the Israeli suspension from the Arab ith Mr Horal Muharak Egypt's League organisation of Arab ith Mr Hosni Mubarak, Egypt's League organisation of Arab

Israel's leader before be hands over in mid-October, to. Mr. sure from the US to meet Mr. Yltzhak Shamir, the bardline Peres and to normalise leader of the right wing Likud faction in the antional Unity frozen since Israel's 1982 inva-

coalition.

Mr Peres' Labour Party
entered into a coalition agree
ment with Likud after elections

sion of Lebanon.

Egypt will not wish to offend
Washington at a time when it
ment with Likud after elections port. But Egyptian officials are The Egyptians are less wary of a summit meeting enthusiastic about a summit They ask what benefit such a because of likely domestic meeting would bring to Egypt.

## Swiss bank breakthrough for Aquino government

BY SAMUEL SENOREN IN MANILA

pine President Carazon Aquino appears to have made a signifi-cant breaklhrough in ils attempt to recover large sums of maney deposited in Swiss banks by de-pased President Ferdinand

Mr Jovito Salonga, chairman of a special presidential com-mission which is tracking down the Marce, fortune, told re-porters yesterday he expected the Swiss banks to return to the

The Gavernment of Philipmanths, in less than a year." ine President Carazon Aquino But Mr Sa'singa declined to say how much money was being recovered or bow many banks were invalved upan the advice of the Aquino Government's

pased President Ferdinand
Marcos, who is accused of amassing an estimated \$1bn 1£671m)
ta \$5bn (£3.3bn) in ill-gotten
wealth during 20 years in
power.

Mr Jovito Salonga, chairman

Mr Jovito Salonga, chairman

Swiss Salonga did confirm, however, that secret proceedings were conlinuing in Swiss courts involving the Aquino Government and representatives of Mr
Marcos and bis wife, Imelda.

Since Mr Salonga's cammis-

Since Mr Salonga's cammission was formed by Mrs Aquino five months ago, it has re-covered and turned over 10 the the Swiss banks to return to the Government \$100m, 200 titles.

Aquino Government part of the to prime land and sbares of Marcos deposits "in a matter of stock in some 200 companies.

3

Contracts and Tenders

# TIMBER GOMP PROCESSING INDUSTRES Announces the selling of its TIMBER COMPLEX at Agaba

The Complex consists of the following:

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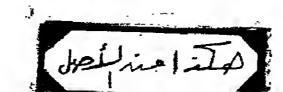
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01-626-1511 Dirk S. J. de Boer Managing Director

### THE FINANCIAL TIMES

is proposing to publish a number of Surveys relating to CHINA in the next few months. These are:

TIANJIN - In today's issue

HUBEl - September 5 GUANGDONG — September 22 CHINA'S METALS AND MINERALS

INDUSTRY - September 29 CHINA'S CHEMICAL INDUSTRY - September 30 CHINA (Annual Survey) - December 4

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> > Telex: 885033

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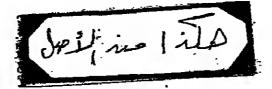
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pense account tunches and trips abroad, invitations to top functions and a sense of being on the inner fringe af power have been attractive in this small self-conscious country.

> friends onto boards, and then leave six manths later. The public sector is marking lime now, waiting for a deci-sion on where it must go. It

# Kohl holds talks

Normally excellent bilateral ties have soured over Austrian opposition to a nuclear recycling plant to be constructed at Wackersdorf, 75 miles from the Austrian border.



### **OVERSEAS NEWS**

# Karami meets Christian ministers

By Nora Boustary in Beirtst

LEBANON'S Sunni Moslem Prime Minister yesterday met Christian cabinet members for the first time since November, thus ending an estrangement caused by disagreement over a Syrian-brokered militia accord. Mr Rashid Karami, the Prime

Minister, conferred with Mr Camille Chamoun, Christian Finance Minister and Mr Joseph al Hashem. Health Minister, at at Hasnem, Health Minister, at the parliament building strad-dling the green line dividing Beirut into Christian and Moslem halves.

In response to an offer by President Amin Gemayel on August 1 to launch a debate over reforms and reconciliation through Lebanon's parliament and cabinet should act as a com-mittee for national dialogue with its Moslem, Christian and Druze ministers representing the main religious sects in Lebanon after 11 years of civil war. Despite the wave of car bombs in Christian and Moslem areas, Mr Karami's initiative has spurred hopes for entente after a nine-month rupture in government activity.

Mr Karami has dropped his demands for President Gemayel to resign in the wake of his re-jection of a Syrian-sponsored accord which collapsed last

Peace hopes were buoyed on Monday night when Mr Walid Jumblatt, Lebanon's Druze Minister and chleftain, appeared on a television station run by the Christian militias and expressed readiness to consider new plans for ending civil strife in Lebanon. Mr Jumblatt said there were loopholes in the tri-partite militia accord, "and we are willing to discuss another agreement.

ita can

**wilder** 

"In order to emerge from the Lebanese crisis, I believe we must get out of the permanent impasse and achieve a dialogue that satisfies all factions and communities," he said.

Meanwhile, Parliament yesterday passed a bill banning the central bank from selling any of Lebanon's gold reserves without recourse to the legislature. The central bank has 9.222m

of the second of the

The Australian budget has increased taxes and cut public spending, Richard Hubbard reports

# Keating clears the way for investment-led recovery

THE AUSTRALIAN Federal Government has cut back sharply on spending and pushed up taxes in its 1986-87 budget in a bid to reduce the public sector's demand for finance and clear he way for a private investmentled resurgence in the economy.

Faced with the collapse of its

export earnings, the Government has cut more than A\$3bn (£1.25bn) from existing spend-

and levies to raise an extra
A\$2bn in revenue.

The moves allowed the
Government to bring the budget
deficit down from A\$5.7bn
in 1985-86 to A\$3.5bn through
almost equal amounts of expenditure cutting and revenue

diture cutting and revenue raising.

Australia's balance of payments.

The Treasury estimates there
Most of the growth the ground lost in export markets over the past year had slashed national income by over A\$6in, forcing the Government to take a lower growth path which would see gross domestic product rise by around 25 per cent of GDP.

Australia's balance of payments.

The Treasury estimates there Most of the growth the Government is forecasting for in the terms of trade, while the Australian dollar is expected to replacement of imports with locally-produced goods, Mr Keating said.

But this modest onflook was overshadowed by a budget forecast which shows inflation set a lower growth path which than last year's A\$13.7bn but would see gross domestic product rise by around 2.5 per cent of GDP.

But this modest ontlook was cent real increase in funding. Overseas students face inhas been raised from A\$1.50 to cast which shows inflation set to stay at 8 per cent, further cent in the last financial year. tic that the depreciation of rises in unemployment, and a A\$250 administration fee for give a three cent per litre rise

AUSTRALIAN BUDGET PROJECTIONS Budget deficit (A\$bn)
% of GDP
Federal spending (A\$bn)
Federal revenue (A\$bn)
Spending, real % change
Spending % of GDP
Defence spending (A\$bn) -5.73 2.5 69.92 has cut more than A\$3bn (£1.25bn) from existing spending, called for a 2 per cent cut in wages in the next cost of living adjustment, delayed promised income tax cuts and increased a wide range of taxes and levies to raise an extra A\$2bn in revenue.

The moves allowed the spending the following the count of GDP (A\$5bn) (A\$5b

tained in the budget paints a over the past 18 months would bleak picture for the future of make Australian industry more Australia's balance of payments.

ing requirement, reducing its bond selling programme by a similar amount. There will be no increase in the net value of bonds to be sold this financial to put a beavy downward pres-sure on interest rates as govern-

ment paper on the market dries up.

To bring the overall deficit down to A\$3.5bn, the Govern-ment has handed down a budget which contains no real growth in expenditure for the first But the Treasury forecast con- nearly 30 per cent in the dollar time since the mid-1950s.

It involves cuts in a wide range of welfare, education, bealth, and defence items. Most of the growth the

Pension indexation increases have been deferred and the criteria for a wide range of social security payments have been tightened.

Defence was given only 1 per cent real increase in funding Orange of Social security payments have been tightened.

Defence was given only 1 per cent real increase in funding Orange.

slowdown in private fixed in- higher education.

Scheduled fee rises for doctors have been deferred, the Medicare levy on income which funds the national health system has been increased by 0.25 per cent and charges for pharmaceutical products have been doubled to A\$10.

In an historic decision for the Labor Party, the ban on exports of uranium to France has been lifted to resie an extra A\$56m To encourage export activity and import replacement the Government has cut A\$2.5bn from the public sector borrow-

year. of uranium to France has been This move alone is expected lifted to raise an extra AS66m The Government's first act to raise revenue was to defer promised income tax cuts due on September I for two months,

a move which will save over A\$600m. Sales tax on wine was doubled from 10 to 20 per cent and a wide range of previously exempt goods such as swimming pools end spas were brought under the tax umbrella.

1·65 1·70 1965 1986 in the cost to the consumer The changes bring tax as a pro-portion of GDP to 25.5 per cent and total revenue to 28 per cent of GDP.

1-60 against the US DOLLAR

AUSTRALIAN \$

This is the bighest level for budget receipts in the post war period and breaks the Govern-ment's self-imposed ceiling made during the last election campaign.

But the Treasurer remains confident that the budget measures will encourage a more give a three cent per litre rise robust and aggressive economy

# **Budget** backed by business community

By Robert Kennedy in Sydney THE AUSTRALIAN busines community yesterday backed the budget handed down by Treasurer Mr Paul Keating. Mr Bob White, Australian Business Council chairman, said the Government had freed up to the target faced up to the tough decisions needed to enhance

decisions needed to enhance the country's stock in the eyes of overseas investors.

The A\$3.5bn (£1.47bn) deficit announced by the Treasurer was supported by the international money market; the Australian dollar firmed slightly against the US dollar soon after the announcement.

in New York, a spokesma for Morgan Stanley said he had heen surprised by the Treasurer's resolve to stick to the tough document he had promised. "I don't know bow this will

affect the Government elec-torally, but it should boost the image of Australia on Wall Street," he said. US investment funds were

likely to target fixed interest opportunities like Australian government bonds as a result of the resolve that had

# Tunisia devalues dinar by 10% and cuts public spending

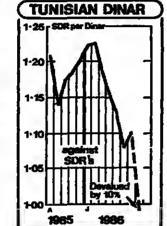
MR RASHID SFAR, Tunisia's new Prime Minister, yesterday announced a 10 per cent de-At an extraordinary session of the National Assembly devoted to the economy, Mr Sfar, who was appointed Premier by President Habib Bourguiba last month, an-nounced a number of cuts in public spending and confirmed that Tunisia is expected to com-plete negotiations with the International Monetary Fund (IMF) which will allow it to draw the first tranche of its quota with the Fund and a com-

quota with the Fund and a compensatory financing facility to offset the sharp fall in exports suffered this year.

Together, such facilities will amount to dinars 187m (£161m). A further dinars 72m will be sought from foreign governments but observers in Tunis discount any massive farming sectors.

Together, such facilities will amount to dinars 127m (£161m). A further dinars 72m foreign governments but observers in Tunis discount any massive farming sectors.

For many years Tunisia was regarded as a model of Third resource to loans from inter-national banks.



number of sectoral

reports have, however, been conducted by the Bank since 1984 and the Tunisian Government's new policies have the blessing in private of both the IMF and the World Bank. Mr Sfar is addressing himself

first to the acute shortage of foreign currency and the widening balance of payments deficit, The current account deficit is expected to increase this year from Dipar 490m to Dinar 640m as a result of the massive shortfall in the country's foreign rchange income. This is the result of the de-

cline in the price of crude oil, which was until last year, Tunisia's major export. The fall in tourist receipts follow-ing the US bombing raid on the nearby Libyan capital last ounces of gold stored in national banks.

Lebanon, Switzerland and the US. The reserves are valued at smounting to \$275m to help management of North Africa's exchange shortage.

smallest economy has come in the economy \$300m in foreign early 1980s.

These three factors will cost the economy \$300m in foreign income this year alone. Further income this year alone. Further factors such as the loss of remittances from the 40,000 Tunisians expelled from Libya a year ago bave also added to the deterioration.

Imports, meanwhile, are running at roughly the same level as last year when they reached Dinar 2.685bn. A con-fidential document put to the Council of Ministers late in June insisted that cutting imports in order to avoid increasing the trade deficit would slow economic growth and fail to address Tunisla's structural problems.

As a result, Mr Sfar will cut subsidies on a number of staple foods whose price has already sidies on meat and milk by the Tunisians remain apprehensive end of next year and reduce of the possible reaction of the

فاحد وزيد أسدان

These three factors will cost those on bread and cooking oil. mass of their 7.5m countrymen Subsidies will cost the exchequer dinar 220m this year, instead of dinar 260m in 1984.

instead of dinar 260m in 1984.
Major investment projects
are already being reviewed, a
task which the President has
entrusted to Mr Mancour
Skhiri, the powerful bead of
his private office. The World
Bank has been critical of what
it feels has been Tunisia's
preference for capital intensive
projects at a time of rising
unemployment. The basic industrial wage

meanwhile was raised by dinar 10 to dinar 105 last month and inflation this year is well below last year's level (0.4 per cent for the first seven months cent for the first seven months of 1986 against 2.8 per cent for

the equivalent period last year). The Government has also increased since the foods riots taken measures to ensure that sparked off in January 1984 by the President's decision to double the price of bread. The aim is to do away with subsidies on meat and milk by the Tunisians remain apprehensive

whose standard of living has declined since 1984.

Despite the cut, the budget deficit will increase this year by dinar 24m to dinar 240m, which amounts to 3.3 per cent of gross domestic product. Beyond the

measures announced by Mr Sfar, the Tunisian Government is aiming to liberalise trade. It intends to cut tariffs and bring down the maximum tariffs from more than 100 per ceut to 50 per cent by the end of next

They also intend to allow private manufacturers who export at least 25 per cent of their ontput to import the raw materials and spare parts they require freely. The privatisa-

is also being discussed.

Meanwhile, the authorities
can only pray that Colonel
Muammer Gadaffi of Libya stays quiet, that the price of oil re-bounds and that rain is plentiful

### Protest ends at Rankin A oil rig

By Keith Wheatley in Perth

THE sit-in aboard the Rankin A platform on the North West shelf ended early yes-terday as Woodside Petro-leum, operator of the field, airlifted the 300 protestors

Western Australia's state government had earlier threatened each man with fines of np to A\$10,000 (£4,200) per day if the occupation continued.

Woodside has reinstated its workforce but the original 14 drillers sacked by a sub-con-tractor when they stopped work to hold a safety meeting over a frayed winch cable, remain dismissed.

An arbitration commission.

hearing in Perth is likely to determine the material facts of the case within the next



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And it won't be put on.

< 7

BY LOUISE KEHOE IN SAN FRANCISCO

REFORM OF California's con-companies, in each of the past troccessal unitary tax syslem six years. This year it seems appears "closer than ever before" state legislators said yesterday as they met to iron on Friday.

out the details of a compromise

A major obstacle to unitary a "waters edge" method of assessment that taxes only US bill that could bring significant tax reform was recently re-

in the state.
Under increasing pressure from multinational companies, in particular UK banks and Japanese manufacturers. Calihad been appended to tax refornta has considered proposals to change its corporate tax system, which taxes the worldwide income of multinational with the South African companies of multinational companies companies in South African companies.

likely that a tax reform bill may finally be passed before the

lax savings to multinational moved when Mr George earnings.

companies that have operations in the state.

moved when Mr George earnings.

The latest plan, which companies, the new proposal bines elements of earlier pro
exempts 75 per cent of sanctions. Previously, measures posals, would allo wcompanies dividends earoed by foreign designed to penslise companies to opt for either unitary or subsidiaries of US companies

ticians are now trying to iron out a compromise between various tax reform proposals alt aimed at phasing out the In a move designed to unitary tax system in favour of appease US-based rompanies.

waters edge tax assessment. Companies choosing to escape the unitary system would however be required to pay an With the South African issue annual fee of 0.03 per cent of

California. In a move designed to

which have previously claimed unfairly benefit foreign comto pay Californian tax on all of ment." Mr Deukmejian has so the earoings of the new far not voiced an opinion operations.

effectively desit with, state poli-their property, payroll and sales Final details of the tax reticians are now trying to iron in California. The fee could be form are scheduled to be Final details of the tax reoffset by new investments in worked out at a joint state Senate and assembly conference tomorrow, but key members of the committee have already assessment that taxes only US that unitary tax reform would voiced their approval. "I think we have s bill. I'm optimistic," said Mr John Vasconcellos. assembly chief negotiator. Mr Alfred Alquist, state senator from state tax. US companie; and chairman of the conference,

Victory against the cocaine trade threatens the economy, reports Barbara Durr

# Drugs war creates dilemma for Bolivia

WITH SOME prompting, from Washington, Bolivia's President Victor Paz Estenssoro has declared war on drugs If ne wins the war, however, President Paz Estenssoro risks losing the battle to revive his country's economy.

Since July 18, 170 US troops in a joint operation with the Bolivian police have found only three significant cocaine proting in third is sold by the central bank,

three significant cocaine processing laboratories and captured one 17-year-old who cleaned aircraft. The cocaine kings are said to be safely enjoying the nightlife of Colombia and Brazil.

The third is sold by the central bank as been under pressure and some day it's going to run out of foreign exchange. We urgently need balance of poyments support to be a safely and the contral bank as been under pressure and some day it's going to run out of foreign exchange. We urgently need balance of poyments support to

Bolivian and US officials claim that the operation has paralysed cocaine traffic in Bolivia, at least for the moment. The problem is that cocaine is Bolivia's biggest industry and without it the eccnomy risks

The anti-drugs operation, dubbed Blast Furpac- by the Americans, is threstening the

The tough budget-cutting programme has succeeded in bringing under control Polivia's world record inflation of 20,000 per cent, now officially at only per cent, and in stabilising

mately \$3m. The remaining third is sold by the central bank.

"Since this operation started. pressure and some day it's going to run out of foreign exchange. We urgently need balance of poyments support to get through this operation," Mr Cariaga said. When the operation began, the central bank had reserves of \$370m.

Mr Cariaga is hoping Washington will provide that support. He says the country will need about \$200m.

President Paz has meanwhite Americans, is threstening the orthodox economic adjustment programme put in place last from Britain, France, West year by the coutry's conservative government, "I'm furious," the Vatican and the United Mr Juan Cariaga, the Finance Minister said "hecause my programme is being hlt."

The tough budget-cutting Minister, asked for aid and logicitical assistance similar to appealed for help in the drug logistical assistance similar to that being provided by the US.



President Paz Estenssoro brave gesture

There is scepticism, however, that anything short of a major interoational campaign will dent the Bollvism drug trade. Approximately 60,000 hectares of the country is planted with coca, the hearty shrub that produces for the country of the countr duces four crops a year. The drug traders have progressed from being raw materials supfrom being raw materials sup-pliers in the 1970s for Colombla's sopbisticated processing laboratories, to processing and delivering the final product themselves.

Bolovia's ambassador to Bollvla, now with an estl-Washington bas requested an mated 80,000 addicts itself, is readditional \$100m in US aid and the Interior Ministry hopes that of all cocaine in the US. Accordthe exchange rate at just over 1.9m peso to the dollar. It has also won International Monetary Fund approval.

But if the cushion of "narcodollars" deflates significantly or deflates significantly or deflates at just over the Interior Ministry hopes that of all cocaine in the U.S. According to official Bolivian estimates, the Industry turns over that the Interior Ministry hopes that of all cocaine in the U.S. According to official Bolivian estimates, the Industry turns over that the Interior Ministry hopes that of all cocaine in the U.S. According to official Bolivian estimates, the Industry turns over the cocoa trade.

But if the cushion of "narcodollars" deflates significantly or granted.

Neither request is likely to be granted.

narcodollars to Bolivia closer to

Mr Fernando Miranna, director in Bolivia of the UN Fund for Drug Abuse Control, says that the Paz government has made a brave gesture, but one that will fall flat without hefty suport from the international community. "Rich societies will benefit from this, but Bolivia is paying the price," he said.

The cost is not only measured in dollars and pesos. President Paz is paying dearly in political terms for having invited in the American troops. Bolivia's image among its

neighbours has been hurt. Colombia and Peru, the two other major drug producing nations have publicly rejected following Bolivla's example. Argentina even worried that the US was using the drug opera-tion to establish a permanent base in Bolivia,

At home, the Bolivlan congressional opposition has announced that it will put four ministers involved in Blast Furoace on trial for a "flagrant attack" on the country's sovereignty. The country's sovereignty. The Bolivian central workers federation, the COB is pushing to have President Paz tried as well. The popular backlash could

increase if the operation regis-ters any substantial success against drugs traders. The livelihood of several hundred

Bolivia. Others put the tide of plantations themselves, but this for cocaine.

THE ELDERLY tourist, who

had longed to visit China com-plained that the guide due to meet her at Peking Airport had

not arrived, and that the hotel room for which she had already

paid was not available. She loved Chins, but hated the

Cases like hers are one reason

why there has been a dramatic

slowdown this year in the foreign tourist rusb to China,

Figures just released by tourism authorities show that

the number of foreign tourists increased by only 4 per cent in the first half of this year, com-

pared with the corresponding period of last year. In the first six months of 1965 the increase

was 30 per cent. Tourism for all of 1985 earned the country

A breakdown of figures provided by the State Statistical Bureau shows that in the first

four months of 1986, the flow from Japan, the major source of

foreign tourists, was down 3.7 per cent on 1985's corresponding period, while a rise of 35.4 per cent was recorded last year on 1984's first four months.

Exports increased 7 per cent

in the first half over last year's out new orders are expected to

currency earoings.

socially impossible.
Serious social turmoil i already being predicted as result of the severe contraction of the economy. Mr Herheri Muller, a president of the cen-tral bank during the last gov-ernment, estimates that the anti-drugs battle will boost unemployment to as much as 30-ii per cent, from its already high level of 18-20 per cent. Idle industrial capacity is running sbout 40 per cent, imports are burting business, hanks are ctosing branches and mining

Bolivia's traditional economic mainstay, has hit historic lows. This year mineral exports are expected to reach harely \$56m, and exports overall will be lucky

The Government has moved to close mines and forcibly "retire" 7,000 of the state company's 297,600 mlners since the beginning of the year. It recently shut down the country's largest tin mine, Catavi, making further 3,800 workers redun-The business community is

concerned that the government has no plans beyond its shortterm stabilisation programme. What is needed, according to Mr Jorge Jordan, President of the Bankers Association and general manager of the Banco Industrial and Ganandero del Bent. is a plan to stimulate the economy. What to stimulate, however, is a problem. Bolivia's transport difficultles and rough terrain make it nearly impossible to compete against Imports or or

world markets, except, that is,

# Mexican standby loan wins approval

MEXICO'S advisory committee of 13 leading creditor banks announced vesterday that it had agreed to reenmmend other hanks with large exposure in the country that they should participate in a \$1.6hn (£1.1hn) standhy loan. The banks' portton is \$300m, believed to be divided among over 40 contributors. with the remainder to be made available by the US and la central banks. However, the hanks' share will not be available to Mexico until negotiations on longer-term financing are well

The contingency loan is being provided in case Mexico needs short-term funding to tide it over until the countries. try's \$1.6hn agreement with the International Monetary Fund (IMF) is aigned.

The IMF agreement will depend, in turn, on virtually all Mexico's creditor hanks, numbering over \$40, agreeing to take part in about \$6hn of new lending between now and the end of 1987.

Negotiations on the longer term package begin to earn-est today when Mr Angel Gurria, Mexico's director of public credit, makes a presentation to the advisory committee in New York. Expectations that the med-

Expeciations that the med-imm-term package will be very hard to raise were reflected in the terms of the contin-gency loon lammered on in over two weeks of talks. Banks participating in the shurt-term financing will not make the \$500m available until the mediumterm package is 90 medium-term package is 90 per cent committed.

This condition reduces the possibility that larger credi-ors could be left high and dry should the medium-term financing prove impossible to raise from the smaller ones.

Mexico is to pay interest on the contingency loan at 3 percentage points above Lon-don interbank offered rates. the same margin as on its existing rescheduled debt. The loan is to he repaid out of the first disbursement of the S6bn medium-term loan, Mr William Rlodes of Citi-hank, co-chalrman of the advisory group, said all 13 members had agreed to take part in the contingency loan.

# Concern mounts over Brazil inflation as IMF team arrives

BY IVO DAWNAY IN RIO DE JANEIRO

NALYSTS FROM the Interuntional Monetary Fund (IMF) viec-president, warned that in-have arrived in Brazit for their dustrialists expect an overall

Several key indicators—
sustain
industrial growth, and visible
trade figures — continue th
appear positive, but there ts
mounting concern in the
rountry over growing inflatronary pressures, the government's operating deficit and
control of the money supply.

The five-strong IMF team.
visiting under the Fund's
"article four" provisions, were
greeted with an alarmist newspaper report quoting an un-

paper report quoting an un-named presidential economic advisor as acknowledging that the rountry's price freeze was all bur officially over.

The report, hacked up by a two page analysis of breaches in

two page analysis of breaches in the policy, was immediately dis-missed by Mr Ollson Funaro, the Finance Minister, who claimed that prices of more than 80 per cent of products remained firmly under govern-ment control ment control.

ment control.
Yesterday, however, FIESP, the influential Sao Paulo industrialists' federation, painted an altogether more rosy picture of business ronfidence in the economy. It claimed that Brazilian business expects growth of over 13 per cent by the year-end, and that price disputes are affecting only 5 per cent of industry and are being resolved guickly. resolved quickly.

Mr Paulo Francini, FIESP's have arrived in Brazil for their distributes expect an average annual fact-finding mission, to price adjustment within three he met with a series of ronflicting reports on the licalth of the economy.

Several key indicators—

Several key indicato

For the IMF team, attention For the IMF team, attention is likely to focus on the government's conduct of its monetary and fiscal pulley. Freliminary reports suggest that efforts last month by Brasilia to reining consumer demand are beginning to feed through in improved savings figures.

proved savings figures.

Interest rates have risen sharply recently, exceeding an annualised 48 per cent last week and there have been some signs of a slowdown in the growth of the mnney supply. The monetary base grow 14 per cent in July, but the M1 measure—cash and demand deposits—fell 0.3 per cent against a 15.4 per cent rise in June.

The most persistent source of concern has been the Govern-ment's operating deficit, however. Estimates for the likely year-end result are highly dis-nuted, but many believe if will be in excess of the estimated 3.3 per cent of Gross Domestic Product last year.

Despite a five-month inflation rate of under 5 per cent; since March, the so-called "psycho-logy of inflation" has still not been broken, FIESP says.

## UK and Guatemala to renew diplomatic relations

decided to renew diplomatic controversy." relations after years of tension over Guatemala's claim to its Central American neighbour Belize, a former British cotony. The two countries announced yesterday they would start con-sular relations immediately and hoped to re-establish full diployear. Guatemala added a footnote to the joint statement, saying it expected Britain to cooperate "in finding satisfactory of the operate".

London could map to the country's ties with the European Community and help the operate "in finding satisfactory negotiations over Belize.

BRITAIN and Guatemala bave solutions In the Belize Guatemaia broke off diplomatic relations with Britain in

1963, and cut consular links, in 1981, the year of Belize's inde-pendence. Britain maintains 1,600 troops in Belize. Guatemalan officials say the Government of President Vinicio Cerezo belleves the matic ties by the end of the renewal of relations with year. Guatemala added a foot- London could improve the

the section of Level 12 and 1

# WORLD TRADE NEWS

# British group signs \$400m countertrade contract with Indians

of India have signed an agree- India. meni to trade about \$400m in ln r ment to trade about \$400m in In return, the company will goods over the next two years, buy Indian engineering pro-The countertrade agreement ducts, such as earth-moving was signed earlier this month, Mr Yves Kupfermunz, MG Services' managing director, and pumps; chemicals; minerals said yesterday. Under the contract, MG Services, the countertrade unit of the Metallgesell-trade unit o schaft and Lous Dreyfus groups of West Germany and France, will sell about 3200m of Indian manufactured goods and commodities to non-traditional markets, mainly in Latin

Asserts Africa and Parts of presentation made by the

MG SERVICES of London and tiliser, metals, rock phosphates, the Metals and Minerals chemical compounds, steel. Trading Corporation (NMTC) asbestos and other goods to asbestos and other goods to

The deal represents a break-

America, Africa and parts of Asia.

In exchange, the MMTC, a state trading organisation, has gained Government approval to lift about \$200m in hard commodities from MG Services, which has a global client base and has agents or offices in

which has a global client base be close to a similar accord with and has agents or offices in the State Trading Corporation about two dozen countries.

The outline commitment is for MG Services to sell fersuch as sugar and palm oil.

# to double oil exports in autumn'

said, Renters reports from New

"The Soviet Union wishes to maintain its role in world oil markets and this means that it must export," said Mr Vanous, director of research. "Countries which bold currency earnings." supplies back until prices rise will lose market share."

year, he said. Mr Vanous said Soviet energy

production was increasing strongly.
Based on the most recent estimates
available, be said coal production had increased about 4 per cent

ing at 2.9 per cent against this year's target of 3.6 per cent growth. Crude oil production was down 2.9 Crude oil production was down 2.9 Australian tourists were per cent last year.

Oil traders said Soviet oil avail57 per cent rise last year, a fall

Oil traders believe the Soviet Union has only limited storage capacity so that as oil supplies build up it is forced to export.

Japan had agreed to make "very significant" reductions in what the US considered excessive documentation requirements for imported equin.

Lance Japanese market."

Reuter adds: The Reagan than the West, they will only refine it and sell the products in the market, so one way or another that oil will get to the West." One way or another that oil pressures in the US. The

policies, which require large investments this year, are also pushing manufacturers (VSM), writes exports.

Year Plan and the USSR needs the and at the same time make up for the shortfall in agricultural output,"

Vanous said.

Out new orders are expected to be affected in the coming months by exchange rate problems caused by the rontinued results largely reflected the all-

### PEKING REVIEWS STRATEGY

# Tourist rush to China slows

BY ROBERT THOMSON IN PEKING



The Great Wall: a favourite with tourists

backward." service competitive if it was to ln spite of this spending on see the buge increase in tourists that it plans. the poor service offered to Meanwhile the number of tourists.

A tourist industry analyst peking calls "Hong Kong, said the novelty and mystique Macao and Taiwan compatriots"

the bulk of visitors. About 9.15m visited in the first five months, a rise of just over 20 per cent. The director of the state tour-

ism administration. Han Keliua, said the Government would attempt to establish a classification system for hotels along the lines of the international classification system in a bid to sustain foreign tourist

Han told the newspaper People's Daily that hotels for tourists are being built by various authorities to varying stan-dards, so the government will centralise control by establish-ing "hotel group corporations." Han said the recent devaluaabout 15 per cent against the US dollar would not result in Chinese authorities attempting to make up the difference by increasing prices, but several hotels have already lifted tariffs.

The China Daily said the main complaints of foreign tourists are: sudden changes in itheraries, over-priced hotel rooms with poor service, poor food, and the inefficiency of guides and interpreters.

"All in all, it is a fact that poor service is hindering development of the tourist industry," the paper said. "Employees in the tourist industry challed by the said to the courist industry."

that figure will be 10m by the end of China was not as strong as it (none of whom are considered naires to assess the quality of was five years ago when travel to be forcigners by the China guides assigned to them, with this week admitted that the lifted. The rountry would have ipg strong growth and make up are to be criticised and fined."

### W. Germany takes over as Spain's top supplier By David White in Madrid

META

THE first tariff reductions between Spain and the rest of the EEC have alreedy brought a distinct shift in trading patterns — ending Spain'a traditional import reliance on the US and beginning to plunge its trade with the rest of the Community into deficit.

West Germany, boosting its share of the Spanish market from about 10 per cent to more than 14 per cent, aupplanted the US as number one supplier in the first half of the year. Spain's total two-way trade was worth \$54bn in 1985. The EEC chase was worth \$25bn share was worth \$23bn.

Increasing inter-penetration between Spain and Europe has been accentuated since the first annual tariff cuts under the annual tariff cuts under the transition process took effect m March. As expected the initial impact has been to favour EEC suppliers more than Spanish exporters. Spain's total commercial balance with its partners, which had been in surplus, dipped into deficit in May and June.

Spanish imports from the EEC were 23 per cent np for the half-year, compared with the corresponding period of 1985, while exports to the Community rose by about 9 per cent.

The shape of Spanish expenses should be urged to observe discipline and ethics.

"Moreover, managerial reforms should be carried out to smash 'the egalitarian communal rice bowl' and ensure that all who work devotedly are rewarded and slackers penalised as they deserve."

The government is enrouraging tourists to fill nut questionnaires to assess the quality of should be urged to observe by about 9 per cent.

The share of Spain's exports going to the EEC has risen from 50 per cent last year in more than 60 per cent, including sales to the eecht.

The share of Spain's exports going to the EEC has risen from 50 per cent last year in more than 60 per cent of the other new member, Portugal. Almost 19 per cent of the other new member, Portugal. Almost 19 per cent of the other new member, Portugal. Almost 19 per cent of the EEC has risen from 50 per cent last year in more than 60 per cent in the other new member, Portugal. Almost 19 per cent of the other new member, Portugal. Almost 19 per cent of the EEC has risen from 50 per cent last year in more than 60 per cent last year in more t

EEC countries' share of Spain's total imports has climbed even more sharply, from 36 per cent last year le almost 48 per cent for the first half of this year.

In spite of the recent shift in the balance, Spain maintained a surplus with the EEC for the half-year, of Pta 38bn (£195m). This compares with o Pta 154bu surplus in the corresponding period last year.

# Trade talks lead to US telecoms deals in Japan

US SUCCESS in winning more NTT, the national telecoms than \$1bn in telecommunications equipment orders in Japan in the past few months has been attributed largely to the impact of bilateral trade talks aimed at removing Japan's barriers to imports in this 103 of them from US com-

Mr Brucc Smart, the US negotiations on telecommunications services and equipment, which began last year, had been

in what the US considered excessive documentation requirements for imported equipment. Already, substantial orders were being placed by Japanese companies for US made equipment. They consisted mainly of two telecommunications satellites, but made equipment. They consisted mainly of two tele-communications satellites, but the Secretary of State,

Mr Smart said the two sides undersecretary of commerce, in had agreed to monitor the per-Tokvo this week for talks on formance of the industry in the trade issues, said yesterday the fulure. "I believe they are sincere in wanting to see a greater degree of US products in the Japanese market."

switching equipment.

The US was also pleased that the approval system used by

Shultz, the Secretary of State, also included some simple surged Tokyo to boost domestic capital to modernise the economy cunomic demand and cut its and at the same time make up for trade surplus, which totalled the shortfall in agricultural output," Vanous said.

# Soviets set

THE Soviet Union may double crude oil exports this autumn be-cause of higher output and its desire to raise foreign exchange earnings and maintain world market loved share, Mr Jan Vanous, of the US hassles. economic consulting firm PlanEcon

The Soviet Union has set a 1986 target of 2.2m barrels per day. With first half exports averaging about 1.5 b/d, exports look set to rise above 3m b/d for the rest of the

against a planned increase of 1.1
per cent above 1985.
Natural gas output was up about
7 per ceot against a goal of 4.5 per
cent, and crude oil output was grow-

"Even if the oil is exported to the

Mr Vanous said Soviet economic exports.
This is the first year of the Five-



tourist industry was "still rather to prove that it was price and

Oil traders said Soviet oil availability had been slowly increasing in the market and Soviet exports were averaging about 1.3-1.4m b/d for the first quarter.

Mr Vanous estimates exports at 1.5-1.6m b/d for the second quarter, with an increase in the re-export of imported crude from 250,000 b/d to 400,000 b/d in the second quarter as well.

Oil traders believe the Soviet of in partly explained by the decline of the Australian dollar, while French tourists fell 26.9 per cent increase last year. Tourists from the US fell 1.6 per cent, after a 74.2 per cent increase last year. Tourists from the US fell 1.6 per cent, after a 49 per cent increase last year.

About 520,000 foreigners will be 10m by the decline of the Australian dollar, while French tourists fell 26.9 per cent increase last year.

About 520,000 foreigners wisited China in the first five months. The Government hopes that figure will be 10m by the decline of the Australian dollar, while French tourists fell 26.9 per cent increase last year.

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About 520,000 foreigners will be 10m by the decline of the Section of the Australian dollar, while French tourists from the US fell 1.6 per cent increase la

The trend towards bilateral

trade restrictions is a further obstacle, says VSM.

First-half orders received by 200 member companies fell hy 5 per cent over the correspond-

Swiss engineers expect orders to fall

PROSPECTS for Switzerland's weakness of the dollar and engineering industry are deteriorating, according to the Swiss francs.

weakness of the dollar and time record set in the first time ever, the quarter of last year, said VSM chairman Mr Wolfgang Martin association has also produced chairman Mr Wolfgang Martin Zurich yesterday.

Swiss francs.

quarter of last year, said VSM chairman Mr Wolfgang Marti in Zurich yesterday.

Mr Marti announced that the association has set up a coordination unit to further Swiss participation in joint European research projects.

VSM has already played a role in promoting such programmes as Eureka, Esprit II, Race and Brite.

association has also produced dustry'a presence in fireign markets.

According to vice chairman for Brunu Dönni, the approximately 300-member companies operate aome 9.900 sales agentates and as well as more than 900 sales subsidiaries, 390 manufacturing companies and about 190 joint ventures.

Beriod last year.

Spain's overall trade deficit of just niver \$3bn in the fialf year was 5 per cent down in dollar terms in the corresponding period of 1985.

A report by Ranco do Blibao predicts that the deficit for the whole year will be below last year's \$4bn. The surplus on the balance in payments current accuse the balance in payments current accuse the surplus of the balance in payments for the whole year was 5 per cent down in dollar terms in the corresponding period of 1985.

A report by Ranco do Blibao predicts that the deficit for the whole year was 5 per cent down in dollar terms in the corresponding period of 1985.

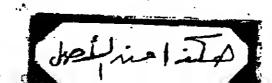
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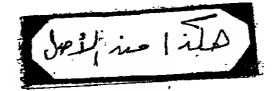
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# FINANCIAL TIMES SURVEY

Wednesday August 20 1986

# Tianjin

# Trade gateway to Northern China

abroad when it was still spelled 'Tientsin' because of its China's 19th century to the trans and 20s. The Chinese trade official, wryly, Now, with the new phoabroad knows where we

Although close to Peking, and administered by an ective group of leaders eager for con-tacts, Tianjin has attracted surprisingly few foreigners.

Less famous than Shanghai, with its wickedly glamorous past, or the capital Peking, the centre of political power, it is still the gateway to northern China. It is the country's third largest city and second-largest port. Indeed, like the other two. its importance is such that it

L Grange

ranks as a province.

Before 1949, Tianjin was a handsome European-style commercial seaport with a fine business area and elegant villas for well-to-do expatriates. Once a monument to Western expleitation, it is now Sinnified by time, though there are still English-speaking graduates of its foreign schools who play important roles in its trade

It is a curious experience to walk the streets, trying to spot the architectural changes at the boundaries of the eight former European and Japanese concessions. It is also a salutary reminder of the indignities suf-fered by China before 1949. ling's cafe to the massive former British Kalluan Mining

role in China's 19th century but to the 'teens and 20s. The 'Boxer Rebellion," says a Astor, its leading hetel until the trade official, wryly opening of the new Hyatt, was with the new phospelling, no-one knows where we war," recalls one old Tianjin hand fondly.)

Not only is the city's equip-ment antique, but so are some of the attitudes of the mid-level bureaucracy. "We still have leftists (codeword for conservative) elements in the city," says Deputy Mayor Li Langing.

The city's main industries have had little fresh investment

#### By Colina MacDougall

is still limited to a foreign furnace here or measuring instruments there. There is nothing to parallel Shanghai's brand-new, mainly Japanese, 3m-tons-a-year steel complex.

rising young processing industries in southern China. Even in Tianjin's own rural areas, which still seems stuck in in Tianjin's own rural areas, its problems of crushing pickled cabbage or making processed cabbage or making noodles for export, have mushroomed, industry is growing faster.

Li came in 1981 from the capital with a reputation as a go-getter. Since then, unlike Shanghai, which still seems stuck in bureaucracy, the city of Tianjin passed to the capital with a reputation as a go-getter. Since then, unlike Shanghai, which still seems stuck in bureaucracy, the city of Tianjin passed to the capital with a reputation as a go-getter. Since then, unlike Shanghai, which still seems stuck in bureaucracy, the city of Tianjin passed to the capital with a reputation as a go-getter. Since then, unlike Shanghai, which still seems stuck in bureaucracy, the city of Tianjin passed to the capital with a reputation as a go-getter. Since then, unlike Shanghai, which still seems stuck in bureaucracy, the city of Tianjin passed to the capital with a reputation as a go-getter. Since then, unlike Shanghai, which still seems stuck in bureaucracy, the city of Tianjin passed to the capital with a reputation as a go-getter.

more honoured in the breach But Tianjin is probably easier for fereigners to deal with than Shanghai. Though it with than Shanghai. Though it boasts e long association with the young Zhou Enlai, who ettended school there and fermed e Marxist society in the city, it does not have the same radical tradition. Its 1966-76 Cultural Revolution was less

Prebebly its current most fameus offspring is Wang Guangying, fermer businessman and brother-in-law ef head ef state Lin Shaeqi, whe was murdered in the Cultural Revo-Intien. Wang now masterminds the Everbright company, e not-very-successful Chinese venture in Hong Kong.

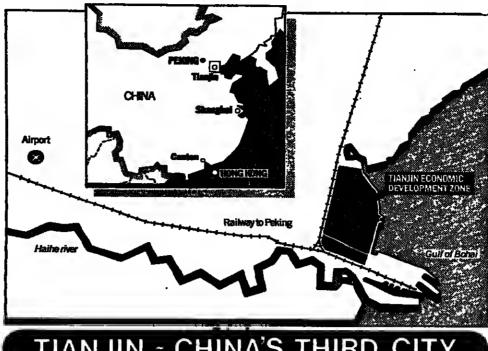
Tiangin's biggest blight in recent years was the cata-strephic nerth China earth-quake of 1976, Seventy per cent of its buildings were dameged. Even in 1981 the streets were still lined with temporary shacks and traffic reduced to e crawl. Peking then sent it extra money and a lively mayer, 53-year-old Li Rulhnan. As the man who allegedly masterminded the building of

Peking's Great Hall of the

Much of the past remains, from the Art Deco Austrian Kiessling's café to the massive former British Kalluan Mining Administration office, now the faster.

Semi-colonial buildings have to be faster.

Semi-colonial buildings have the collection of services of land that can be served where huge stretches of land that can be semi-colonial buildings have the collection of land that can be streets of brick and timbered are attached to the adjacent fereign exchang villas are gleaming with new city, the Tianjin area covers yikal, of the past remains, from the chuge stretches of land that can be semi-colonial buildings have the chuge stretches of land that can be semi-colonial buildings have the chuge stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the chuge stretches of land that can be semi-colonial buildings have the chuge stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches of land that can be semi-colonial buildings have the stretches



### TIANJIN - CHINA'S THIRD CITY

Congress building, again exudes an air of prosperity and This renovation is credited

entirely to Mayor Li, who observed that, in the 1976 earthquake, the British buildreturned to China.

Since his appointment, Li has built numerous new workers' earlier this year between

all oil and gas from well et the Dagang eilfield nearby er off-shere in the Bohai Gulf. Coal, chemical raw materials ond geo-thermal energy are also at hand. The tetal populetiee is almost earthquake, the British build-ings did not collapse. When he recently visited Britain, be ferce of 1.3m. All these assets remarked on bow o coat of paint plus its location near Peking on window frames and cornices with good rail, air and sea concould improve a city's look, and nections should commend it to applied the lessen when he fereigners interested in busi-

industrial zone in the Tianjin Economic Development Area run by 32-year-old Zhang Wei, run by 32-year-old Zhang Wei, who claims to be able te say yea or nay te projects immediately. The city has developed a relatively youthful hierarchy to deal with foreigners and speed their projects. "In Tianjin, unlike Peking and Shanghai, you can avoid the banquet circuit and get things done." comments are Westerner

With Peking and Shanghai, Tianjin is one of China's three most important cities. As a port developed by the British in the 19th century, Tianjin has a long history of foreign trade and is now making a strong effort to win more overseas investment.

housing estates and planned a buge ring road system. He has begun te tackle pollution by ordering the laying of gas pipes to eliminate coal for cooking. District heating is also on the

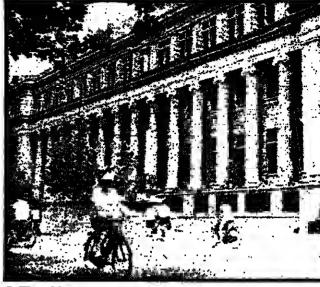
programme. Unlike Sbanghai, Tianjin is roomed, industry is growing faster.

Many of the city's handsome well-placed for natural resources. Under the Chinese system, been freshly refurbished. Entire where huge stretches of land

Chinese and Third World students et Tianjin's university, this event appears far from typical ef its relations with foreigners,

The city so far has made a fair success of its joint ventures with foreign companies. It has been careful: "We're always epproved only joint ventures that can be self-supporting in fereign exchange," says Zhuang Yikal, of the Commission for Fereign Econemic Relations and

problems. Japanese managers in the ell joint venture in the Bohai Gulf reportedly find it hard to work with their Chinese ceunterparts. Some foreigners, though net all, who work in the city, complain about the amenities. Jeint ventures and amenities. Jemt ventures and ether deals face many of the same local problems of inexperience, bureaucracy er shortages—as in other parts of China. But in Tianjin officials do appear to make an effort to find solutions.



bove, the Municipal Communist Party headquarters in Tianjin. The building was formerly the head office of the British Kailuan Mining Administration. The city was once the home of the young Zhou Enlai and it has a strong revolutionary

 Below: part of Tianjin's new Food Palace, a vast arcade with more than

Surveys on China THIS is the first of a new series of surveys of selected regions and industrial sectors of China, to be published during the rest of 1986. A combined reprint of these surveys, tegether with the FT's annual national survey on China, will be available in December.

December.
For copies, please send your erder to Michael Rebinson, Publicity Dept, Financial Times, 10 Cannon Street, London EC4P 4BY, together with a remittance of 55 per contractor.



# Metals and Minerals Products from Tianjin, China

### **METALS PRODUCTS:**

1. Steel products: including Mild Steel Round Bars, Mild Steel Squere Bars, Mild Steel Flat Bars, Mild Steel Angles, Mild Steel Bearris, Mild Steel Channels, Steel Round Deformed Bars, Mild Steel Plates, Mild Steel Sheets, Rails, Scraps, Stainless Steel Cuttings, etc. 2. Wire and Neils: including every kinds of Nails in Imperial end American System, Galvanized Roofing Nails, Galvanized Iron Wire, Black Annealed Iron Wire, Galvanized Iron

Barbed Wire, Bright Hard Drawn Nail Wire, Steel Wire, Steel Wire Rope, etc. 3. Hardwa including Welding Electrodes, Galvanized Welded Wire Mesh, Galvanized Square Wire

### **MINERALS AND PRODUCTS:**

1. Ferrous Metals: including Chinese Chromite Ore, Foundry Pig Iron, Pig Iron for Making Steel, Electrolytic Manganese Metal, Ferro Silicon, etc. 2. Non-Ferrous Metals & Products: including Mercury, Zinc Ingots, Wolfram Ore, Molybdenum Sulphide Ore, Tungsten Powder, Tungsten Carbida Powder, Aluminium Ingots, Aluminium Extruded Sections, Aluminium Pipes, Copper-Wire, Copper Tubes, Brass Rods, Copper Wire Rope, Copper Bus Bars, etc. 3. Non-Metallic Minerals & Products:



Bright Iron Hinges, "H" Hinges, Brass Plated Iron Squar Hinges, Door Locks, Iron Tower Bolts, from Wire Netting, Door Pulls, Brass Door Handles, Galvanized Roofing Nails, Umbrella Heads Gets Fittings, Hasps and Staples, Castera with Rubber Wheels, Hadustriel Casters (Heavy Duty), Rubber Wheels, Bed Hinges, Worm-Drive Hose Clips, Machine Screws, Self-Tapping Screws Bolts and Nuts, Roofing Screws, Bright Hexagonal Nuts, Square Nuts, Rivets, Cotter Pins, Washers, Spring Washers, etc.

4. Products for Heading, Plumbing & Cast Iron Products: including Melleable fron Pipe Fritings, Galvanized Welded Stee Pipes, Cast Iron Radiators, Cast Iron Gate Valve Flanges, Cast on Swing Check Valves. Cast Iron Globe Valves & Gate Velves Malieable Cast fron Joints, Ingot Moulds, Hot Siag Pots, Pouring Plates, Manhols Covers, Fire Place Grates, etc.

(Quick) Lime, Marble Grains, Red Bricks, Slata Stones, Putty, Tiles, Terrazzo Tiles, Glass Marble, Granite, Formica, etc. 4. Refractories: including Kiln Calcine Bauxite, Raw Bauxite, Rotary Kiln Calcine Bauxite, Abrasive Grade Bauxite, Iron Bauxite Kiln, Calcine Flint Clay, High Alumina Bricks, Fira Bricks, Fire Clay, Magnesite Bricks, Chrom Magnesite Bricks, Silica Bricks, Zircon Bricks, Carbon Blocks, Graphite, Graphite Crucibles, Clay Crucibles, Brown Aluminium Oxide, Green Silcon Carbide, Corundum Products, High Alumina Powder, Castibles, etc.

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Tionjin Foreign Trade Corporation, established with the approval of the Ministry of Foreign Economic relations and Trade of the People's Republic of China ond formally registered, is an I/E company enjoying legalis hama status in handling domestic and foreign business. Under aur Corparation ore Import Department, Expart Department, Tianjin Advertising Corparation, Foreign Economic Relations and Trade Service Centre and Tanggu Branch.

Our Import Department, merged from the impart divisions of various I/E corporations in Tionjin, hos a history of over 30 years. It has clase relations with many manufacturers, research institutes, medical organizations and commercial cancerns in Chino, and undertakes importation for Tianjin city as well as other provinces, municipalities and autonamous regions in Narth and Narth-west China.

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Foreign Economic Relations and Trade Service Centre provides import and expart trade promotion services. It has export commadities exhibition holls and discussian rooms. Ta facilitate impartation of technology and equipment and help sales af foreign products, it has exhibitian halls, discussian rooms, advanced communication and office equipment, and provides design and construction services.

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### **Tianjin Foreign Trade Corporation**

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WITH A mainly unmodernised much less resilient the city'e plant planned to move from from Britain." One British item overall Traffic Commission, to ping is now used more for long-industry, Tianjin is faced with industries are than those of central Tianjin for environs is the electric furnace from a co-ordinate railways, roads, haul transport—though slower. Similarly will function for the No. 3 Steel Works. production, improving efficiency, increasing energy supplies and cutting pollution, the contral China:

China's present leadership. The improvince contends chinese central china:

such as the rapidly-growing future, industry will function on the east bank of the Hairiver, leaving the west hank as a clesner, more attractive residential and service area. China's present leadership. The Isrgest port, contains amail and city has begun to tackle the scattered iron and steel plants, problems by seeking foreign plus sbipbuilding, petro-technology, building new chemicals and machinery power stations, improving com-industries. It also boasts an

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 $\langle \cdot \cdot \cdot \rangle < \lambda$ 

up output, though its industrial value percentage increase at 12.4 per cent was much lower than the countrywide everage of 18 per cent. This year the Central Government has frozen hank borrowing, capital investhank borrowing, capital invest-ment and further economic reform in order to reduce last year's overheating. In con-sequence, the value of the city's first half year 1986 industrial output was only 2 per cent ebove the same months in 1985, compared with the national average of 4.9 per cent. All these figures show how

munications and planning new eutomotive fectory meking industrial zones.

small trucks. Light industries Tianjin followed the national pattern last year by stepping up output, though its industrial ways and means of selective

two industriel zones. One, the Tianin Economic Development Area, is already under way in Tanggu district near the port st Xingang. This zone for joint ventures will have its own

A vital necessity for the city in general is more electric power. The shortfall at present is around 500 MW, says Li Yali of the city's Planning Commis-sion. Power is rationed under a system which gives priority to the more important plants.

Tianjin plans to add another 1,000 MW of capacity hefore 1990, and the same again or more in the following decade. Vice-Premier Li Peng, an energy expert who studied in Moscow, has begun negotiations on this equipment with the Soviet Union. The intention is to import only turbines and generators, building the rest in

A 500,000 seamless steel pipe power supply and is close to plant end an ethylene works shipping. rall and road transport.

The other area, to the east of the city, will accommodate says Li. "Fifty of these are

Tianjin plans to buy another 200 or so Items of foreign tech-nology this year, on which the city will spend about \$150m. Of this foreign exchange, \$60m will come from the Central Govern-ment and the rest from the central Ministries or the factories' own retained foreign exchange earnings, Li reveals.

Tianjin is also looking for partners in the automotive industry — "Like Volkswagen in Shanghai," says Ma Junxin, of the Economic Commission, epparently unaware of the problems of foreign exchange end bureaucratic high-handedend hurszucratic nigh-nandedness that the West German
company has struck. It also
seeks joint ventures in light
manufacturing and foodstuffs
production, such as meat processing, as well as electronics

stance. Baotou (Inner Mongolia) limits the trains from
Peking and Tianjin." says Liu.

Rail problems have been
partly solved by the divercessing, as well as electronics sion of goods to the roads. and psper-making.

ment, the city plans to improve of goods used to go by train,"
the infrastructure. One step saye Liu. "Now more than half taken recently was to form an travels by road." Coastal ship-

munications.

"We're one of just a couple of cities that has this kind of Commission," says Deputy Director Liu Mingzhe. "The biggest problem is our different varieties of transport and the Commission brings them all under one heed."

Tianjin is linked by rail with much of China via Peking. It also stands at an important junction of the Peking-Harbin and Peking-Shanghai line. Prob-lems at its own stations, Tianjin East and Tianjin North, are often the consequences of others' difficulties—"for instance, Baotou (Inner Mon-

"Between Tianjin end the To facilitate this develop harbour et Xingang 70 per cent

sion is tight.

The Commission plans a
Yuan 4bn project at Tlanjin
East railway station. This will invoive e modernised signalling system and longer platform to accommodate trains or more than 20 coaches. A new four-lane highway between Tianjin and Xingang is partly completed and a similar route to Peking and a similar route to reking is planned for completion in 1988-89. In the longer term, says Liu, there will be highways from Peking to Fujian province

and Harbin in Heilongjiang. Tianjin now has 90,000 tele-phones, of which 10,000 are phones, of which 10,000 are programme-controlled. It plans 120,000 by the end of the decade. Direct dialling to Hong Kong and Jepan is now possible on many phones. In 1981 there were only 10 enterprises with telex, now there are 150. While the city still has far to go in modernising, it has made a reasonable start.

Colina MacDongall

10 per cent while the prices

exchange earnings, says Cai. This small sum went on

Under the new five-year plan

Much-needed renovation has just begun. Basically, the plant is equipped with pre-1970 machinery, some dating

back to the 1930s and 1940s. Recent purchases include a packing machine from West Germany and a furnace and

talks with Japanese and US companies on the purchase of a \$500,000 computer.

dryer from Japan.

beginning this year, it will receive a \$5m foreign cur-rency loan as well.

vehicles, metres instruments.

# Slimming labour

series of mishaps referred to colloquially as reformers being "shot off their horses," instead of sitting high in the saddle, as planned by Peking. The resistence to reform has come-from local party officials who are piqued by their own loss of power, and by those who have been hruised by (or are envious of the feature directors.

of) the factory directors.

For instance, tha "People's Daily" told of the ease of a hus company manager who was summarily dismissed, although he had led a formerly ailing com-pany to a profit of 1.64bn yuan (US3450,000) in his first year at the helm.

at the helm.

The paper said he was removed because he brought a Western-style suit with public funds, and made some other minor mistakes.

Wang Yezhen, 50, does not yet have the power he needs to cull the staff, hut he is hopeful. He says he gets on famously with the Community Party secretary with munist Party secretary with whom he shares power at the shippard, though he has several factory director friends who are having difficulties with their

party secretary.

Last year, the company built six ships, two bulk carriers, two all-purpose carriers, and two tugs, and is scheduled to complete five vessels this year. Mr wang says the company has We discussed the dryer with e British company but at the time the price was too high," says the director. But, he adds ruefully, "With the rise in the yen, the British one would have been cheaper." more work than it can handle. But he believes tha yard The company is now engaged in

would be better served by its workforce if the number of employees was reduced by half from the present total of 6,400, and those remaining were paid twice as much in an attempt to encourage a hetter performance

IF Wang Yezhen had his way, about half of his shipyard's workforce would be dismissed, while women would be made to stay at home, and the "old fat ladies," in particular, would be done away with.

Mr Wang, director of the front gafe."

"For example, we have 2,000 women workers. I think it is better for them to go back to their home and do the house their home and do the house work. The husband should work," he says. "The only done away with.

Mr Wang, director of the front gafe."

done away with.

Mr Wang, director of the state-owned Tlanjin Shipbuilding Industry Company, is an unusually gung ho example of the new breed of Chinese boss who has been unleashed hy reform and has more power to hire-and-fire in the name of afficiency.

In recent weeks, however, the Chinese Government has moved to protect people such as Mr Wang by mounting a campaign to safeguard the control factor which managers have been given at the expense of Communist Party officials.

The eampeign follows a series of mishaps referred to colloquially as reformers being "shot off their borses," instead of sitting high in the staddle, as planned by Peking. The resistence to reform has come-from on the more productive.

bonuses have made it difficult for factories to reward generously the more productive.

If bonuses paid to a worker over a year are nn more than four mouths wages, the yard does not hove to pay the tax. If the bonus amounts to five months' wages, there is a 30 per cent tax, which rises to 100 per cent if the bonus equals six months wages, and to 300 per cent for more than six months.

six months.

Another company showing a Another company showing a flexible approach to taxation said that it had found a way round the bonus problem by providing its workers with a package with inbuilt bonuses. It has informed the government that it has paid no bonuses so far this year.

Peking imposed the taxes in a hid to slow what it thought was an excessive growth in

a hid to slow what it thought was an excessive growth in honus payments that was creating gulfs in salaries and putting too much cash in a consumer market already awash with funds. Mr Wang bluntly describes the tax as a "very had idea" had idea."

He is also aunoyed that from this year the company will have to hand 70 per cent of its profit to the state, up from 50, per cent last year, when the yard made 17.11m yuan,
"It is incredible," he says. "We don't have enough money to give bonuses, and build efficiency. Wa say that it is kicking the hen that lays the

Robert Thomson

# STEEL INDUSTRY Steady

# upgrading of plant

TIANJIN'S No 3 Steel Works is one of e dozen scattered plants which make up the city's ramshackle steel industry. Half of these are hot-rolling mills, like the No 3 plant, while one produces steel plate and the rest are coid-rolling mills.

The No 3 plant's claim to distinction is that It has bought a \$2,1m second-hand 35-ton-capacity electric furnece. This new British equipment, to come from the Birmingham firm of Dudley, will be the first in Tianjin - and among the first anywhere in China.

This furnace will enable the

better-quality product overall. In a three-cornered deal it has bought the furnace through the bought the furnace through the triangle bought the furnace through the triangle bought the furnace through the furnace through

The antiquity of Tlanjin'e steel mills is a fair-sized haudicap to the city's industry. It has nothing like Shenghai'e brand new Baoshen integrated steel complex, imported mainly from Japan, as Deputy Mayor Li Langing points out.

The No 3 Steel Works produces half a million tons of construction steel annually, hut the process is neither economical nor safe. In its letest work-shop, where equipment is copied from thet of the 1960s, the men jump across the molten steel. Reheating steel for roli-

plant to process scrap, produce (shaped steel and steel wire) alloy steel and turn out a all over China. The manage-

ment pians more expansion in the current Five-Year Plan and is discussing a steel wire pack-ing mechine with West German

process. The total cost, foreign end domestic, of the electric furnace is Yuan 60m. This compares with a Government. grant for repair and renovation iast year of Yuan 6m. The management admitted they had not thought of raising money hy selling shares, as some enterprises have now begun to do.

Surprisingly, the plant buys around a quarter of its crude steel ebroad, mainly from Japan but also from Britain, West Germany, Norwey and Brazil, Foreign exchange for this is provided by the state in traditional Chinese communist style. s ing, as it necessary at the No. As in many other elderly rationed power.

The plant has been upgraded steadily since 1978, with an annual 20 per cent increase in output. It sells its products (shaped steel and steel wire)

**CHEMICAL INDUSTRY** 

# **Facelift** for soda ash works

TIANJIN BOASTS one of the oldest factories in China. For centuries the city panned salt from its marshy fore-shores slong the Bohai Guif. Its commercial life was huilt on sales of this commodity, shipping It far and wide through the Grand Canal system on which the city stands.

In 1914 a modernising Chinese innovator from Hunan pro-vince, Fan Xudong, who had studied in Japan, began to build what is now the Tian-jin Soda Ash Plant. It is typical of much of the ancient industry on which Tianjin C. M. Today, despite its age, it is still

It can charge for products were still tightly controlled. Under the reform, Peking last year allowed it to keep \$500,000 ont of its foreign 10,000 workers, it produces over 600,000 tons of assorted chemicals, mainly soda ash. Since the communists came in 1949, it has been a useful exporter. Last year, out of a production value of Yuan 147m, sales abroad were worth \$10m.

an important plant. With

Yet its entiquity means that renovation is vital. Last year's production increase was only 3 per cent, and with e planned rise in output to Yuan 150m, it will fall to just above 2 per cent. One of our biggest problems

is shortage of capital," says
Cal Chaoque, the director,
"The plant can't get more
capital from the state, beceuse it's poor too, and we haven't enough money both for extension projects and to run the plant"

Inflation last year hit the factory. The economic reform programme meant that raw material suppliers - of salt, for instance, or dyes—were allowed more freedom in pricing. The result was that the Soda Ash Plant's raw materials costs went up by



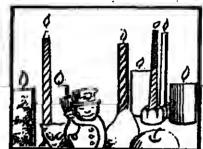
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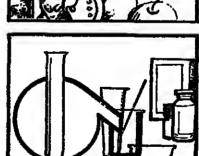
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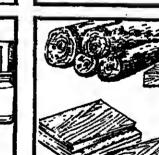
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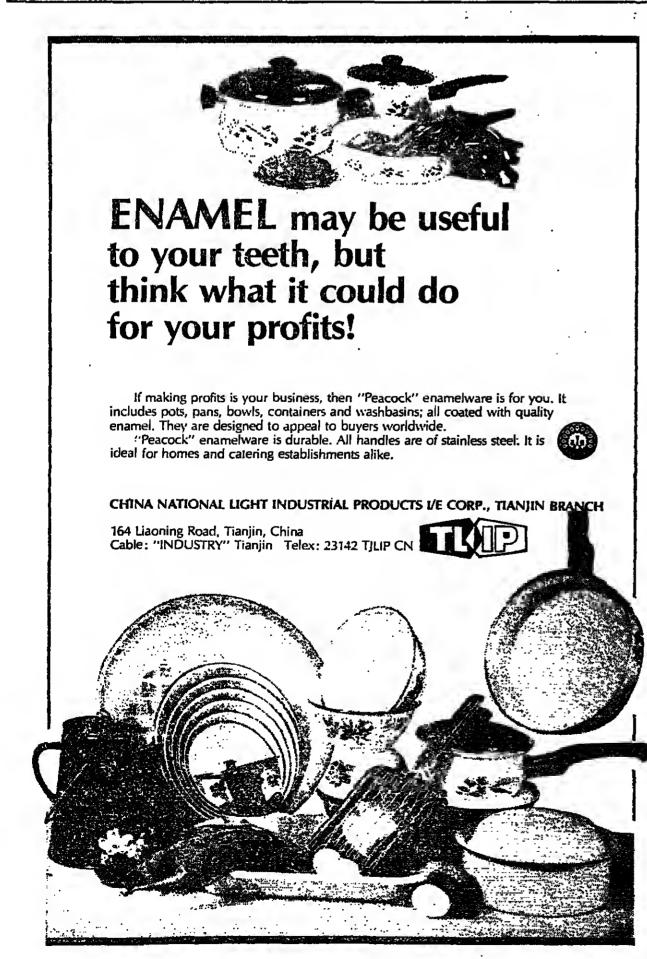
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# Bucking the national trend

TIANJIN IS pleased becau although it signed only 19 joint venture contracts with foreign partners in the first half of 1986, compared with twice that in the same months of 1985, the value was \$108m, compared with only \$75m. This is against the national trend, in which overall investment is down from last year.

in which overall investment is down from last year.
"What is more," says Zhuang Yikai, of Tianjin's Commission for Foreign Economic Relations and Trade, "we have signed more industrial than service projects—of the 19, a dozen are production ventures."

Still better, the total exposes

Still better, the total export potential is well above this time last year, since 11 involve overseas sales and seven are overseas saics and seven are 100 per cent export projects. Ten of the 19 are with Hong Kong, five with Japan, three with the US and one with Singapore.

The city is also patting itself

on the back because hy the end
of June this year tha 64 projects already in production had
shown a credit balance in the
Bank of China totalling \$11m,
of which \$1.4m was profit. Here of which \$1.4m was profit. Here again, Tianfin is bucking tha national trend, where foreign exchange shortages have crippled some ventures' activities.

"In Tianfin from the beginning we've had a policy of approving only projects which could be self-supporting in foreign currency," says Zhuang.

"If a venture can't do that, we won't consider it. China is a poor country, and exports are



national Trust and Investment

Corporation.

"Some of our joint ventures make 80-100 per cent of their sales in exports. We could use their foreign exchange to help out the others," he adds.

By the end of lyne this years. \$275m will he contributed by the foreign side. Hong Kong is the leading partner with 76 projects, worth \$283m; Japan the next in number, though not in value at 41 projects worth
\$50m; and the US third in
number but second in value at
25 projects worth \$136m.
Of the total number of joint
ventures, 102 are in industry of

every night with construction workers from the British territory, is said to he turning over \$9,000 a day. Foreign investment for these 164 projects is \$77m, some 42 per cent of the total.

China. Tianjin appears to score in the speed and flexibility with which it will set a venture number of the which it will set a ventur

"The industrial projects are working well," comments Zhuang. "Sales bave increased quickly and now total ahout 71 per cent of all joint venture revenues. The profit figure is revenues. The profit figure is running at about 23 per cent of sales, compared with service joint ventures where the aver-age profit is only 9 per cent. Only one joint venture is losing money in Tianjin."

Future plans include a possible joint venture with Britain's Davy Corporation for a \$240m copper smelter, to use imported copper. Factories should be able to buy raw materials ahroad, Zhuang points out, since it is not always possible to buy them locally. Zhuang is aware that some foreigners have complaints.

make 80-100 per cent of their sales in exports. We could use their foreign exchange to help out the others," he adds.

By the end of June this year Tianjin had signed 164 joint ventura agreements, totalling \$566m in value. Of this amount, to be finished by the end the real part while the real part will be contributed by the real part will be of the year. We'd like to get land where foreigners could huild their own, so that they could have what they wanted.

"There's no reason why foreigners shouldn't he shle to

receive TV programmes hy satellite from abroad — that's

won't consider it. China is a poor country, and exports are low. We can't raise export prices because the quality is not good enough. So it's very hard for the Central Government to earn tha foreign exchange to support joint ventures.

25 projects won't number of joint with Peking at the moment. These proposals do not solve the management problems that Japanese oil project in the grant plant, tha Wella commetics alligned with China is suffering ance with a local factory, the Otis elevator project whose trial Local tax authorities are also reportedly making it pearventures."

One possibility is to share the foreign exchange around between them, according to Zhn Wenju, Vice Chairman and President of the Tianjin Inter
Dance with a local factory, the badly from such difficulties. Local tax authorities are also lift shafts tower over Tianjin, reportedly making it near-impossible for some companies to make a profit. But these problems are universal in

years' experience."

Tianjin is easily the hest place in China for a joint venture, comments British businessman Jonathan Reuvid, chairman of Terry of Redditch "Tianjin has so much autonomy—it is allowed to approve production joint ventures of np to \$30m in value, and service joint ventures of any amount"

On top of that, it has young energetic people running tha foreign trade and investment organisations. Terry, a small Midlands engineering company, has two joint ventures about to start in the city, one making hose clamps and the other providing management services and quality control.

In Tianjin itself the corporate income tax on joint ventures has been cut to 26.4 per cent, from the usual 30 per cent. But the new Tlanjin Econom Development Area (TEDA)
near the port of Kingang has
bettered that with a rate of
15 per cent. TEDA, with its wide open spaces, new infra-structure end proximity to transport is a promising manufacturing site.

Winning approval for joint ventures—the usual bugbear for foreign investors — is now speeding up. "We're planning improvements," says Mrs Song Shuzhen, vice chairman of the Tianjin branch of the China Council for the Promotion of

International Trade.
"We propose a 15-day limit on waiting for approval," Zhu Wenju, president of the Tianjin International Trust end Investment Corporation. "After that, silence should give

Colina MacDougall

# Faster routes for investors

"THERE ARE seven or eight people in Tianjin who can get things done for you," says a Western businessman. "One is Zhang Zhaoruo, deputy secretary of Tianjin's Municipal Government and director of the city's Commission of Foreign Economic Relations and Trade. Another is 32-year-old Zhang Wel, president of the Tianjin Economic Development Area (524 per cent in Tianjin itself to Exhibition for the CEPIT has a big cheaper than that in Tianjin," tange the port and Hongkong, but unknown in Europe, where prices are £1.50 a sq ft. "You can get land branch of the CCPIT has a big cheaper than that in Tianjin," trade and liaison role. It is says one British businessman. China," says hubbly director Zhang. "We give special preferences to foreign investors, such as lower tax. Joint ventures of China and hopes for foreign only pay 15-per cent, compared to 26.4 per cent in Tianjin itself to Exhibition that plus apartments in institutions than just the Bank of China and hopes for foreign only pay 15-per, cent, compared to 26.4 per cent in Tianjin itself to maknown in Hongkong, but unknown in Europe, where prices are £1.50 a sq ft. "You can get land the CCPIT has a big cheaper than that in Tianjin," trade and liaison role. It is says one British businessman. China, "says hubbly director Zhang himself believes that TEDA will need more financial with the British group, ICE, and himself believes that joint venture to build a \$20m china, "says hubbly director Tianjin itself institutions than just the Bank institutions than just the Bank institutions, then give the core of the China and hopes for foreign but trade promotion is the core of the c

bid for foreign investment. These and other officials appear to have been given the anthority to push foreign proposals through the tortuous hureau-cracy. At the same time, the city has set up a number of organisations, the so-called "foreign windows," designed to deal with foreign businessmen.

city has set up a number of organisations, the so-called foreign windows," designed to deal with foreign businessmen.

First of these is the municipality's own Commission of Foreign Economic Relations and Trade, the political body whose fat is needed for any deal. Influential Zhang Zhaoruo (senior in the party to Mayor Li Ruihuan) is backed by Deputy Director Zhang Yikai who speaks English and has a pre-1849 commercial backpre-1949 commercial back-

Next is probably TEDA, which edministers the economic development area in Tanggu district, near the port of Kin-gang. The youthful president. Zhang Wel, was summoned from Peking especially to run the organisation. TEDA, a 3 sq km corner of a 33 sq km.

organisations concerned.

Tianjin Branch China Silk Corporation

Conditions in TEDA are about Kiamen, in the south, except that there will be no service joint ventures. Projects up to \$30m can be approved locally—"and we can say 'yes' or 'no' to a proposal right away," says Zhang.

So far, TEDA has signed 35 contracts, of which all but two co-operation deals are joint ventures. By the end of the year, says Zhang, 20 will he in production. Most of these are quite small, making pharmacenticals processing foodstuffs. ceuticals, processing foodstuffa or assembling cassettes. The largest so far is the red-and-white cycle fectory, a joint ven-ture between a Danish company and Tianjin's elderly Flying Pigeon bicycle works.

Problems with TEDA for westerners include "the flatted

This enterprise, with registered capital of Yuan 600m, was set illustrated handbooks and up to hring in foreign capital and equipment, and to invest as a Chinese partner in joint ventures. It is now involved in 19 of these, including the Bohai 19 of these, including the Bohai prospects. 19 of these, including the Bohai Hotel and associated villas, a venture with Japan, Tanggu

Another "foreign window" is Besides the re-organisations the Tianjin International Trust there are half a dozen others and Investment Corporation, who are listed in the adjoining This enterprise, with registered capital of Yuan 600m, was set

PROFILE: TIANJIN LIMING COSMETICS

# Joint venture plans to triple investment

"WE CAME here to hreak into the China market," says Steven Lang Sung, American-Chinese managing director of Tianjin Liming Cosmetics. "Last year we had 1.5 per cent of China's domestic cosmetics sales, our exports keep our foreign ex-change accounts balanced, and we now plan to triple our in-vestment on our move to a new vestment on our move to a new plant in the Tianjin Economic

TIC is a \$1.2m 50-50 joint equity venture between Wella of West Germany and the Tianjin No 1 Household Chemicals plant. They make mainly haircare products such as shampoo and hore person white the Chinese

care products such as shampoo and home perms, plus e Chinese face cream—Danzy—which they reformulated and repackaged.

The factory also makes different ranges of products for Japan, Hongkong and the domestic market. The joint venture agreement was signed in April 1981, and production and export begen in March 1983.

The Tianjin partner provided the site, a cramped five-floor building adjoining its own factory down a city sida street. With passages and landings piled high with cartons, the company will be glad to move to its new location—"that will be five times the size," says Mr Sung.

"We'll be better off there with more electric power, more modern wiring, better sewage and a new telephone system." he adds.

"We'll only have one group to report to—"the TEDA administration is all under one head. Although the ight ven-"We'll be better off there

head. Although the joint ven-ture law guarantees independence, you can't get out of the system. You have to put every request through the proper channels, and that means dealing with dozens of different departments.

making equipment must operete



Steven Lang Sung: "foreign investment officials are help-ful here," he says.

"In practice, we can't recruit our own employees, though we're allowed to under the joint venture law. Again, we have to go through the proper channels, as we don't guarantee lifetime employment

or security from dismissal.

"We import 95 per cent of
our raw materials," says Mr
Sung. "Wa could buy in China
but the quality's uncertain,
supplies unreliable and prices are higher.

The company's planned turn-over for 1986 is Yuan 10m, of which about half will be exportrelated. It has been in profit since it began production in

1983.
"The most important factor is our foreign exchange balance," says Steven Sung. "Then we don't have to depend on the Government," Output is planned to double after the move to

"Based on my experience the investment environment in "Many things are rationed—
water, petrol, rice, electric power. We only get power six days e week." This mekes problems, since the plastic hottlemaking equipment must open and the port delays last year, they got them helicoptered to us." Tianjin isn't bad. From Mayor

"COCK" Brand Hoes from Tianjin, China Tianjin Branch of China National Machinery I/E Corp. has been exporting "COCK" Brand Hoes for 30 years. "COCK" Brand Hoes, made of top quality steel by advanced technology, are available in more than 30 specifications. They are all finely forged and strictly QC'ed, and have won high reputation for their good quality and especially for the proper hardness of the edges because of excellent heat treatment. At the internetional bidding organized by the United Netions in 1981, "COCK" Brand Hoes were rigorously tested and ranked first in quality of all similar products. With the title of "Famous Brand Product""COCK" Brand Hoes won the praise of users and became famous throughout the world. "COCK" Brand Hoes are now marketed to Hong Kong, Mecao, Singapore, Malaysia, Thailand, the Philippines, Indonesia, West Africa, The Middle East, Bangladesh and Pakistan, and have become a traditional commodity in these countries. They are also increasingly welcome by users in East and North-west Africa and in Europe. "COCK" Brand Hoes are packed in wooden boxes or cartons, each with 24 pieces. Wooden boxes, reinforced with iron plates at corners, have long been considered as good packaging by our customers. "COCK" Brand Hoes can also be packed in cartons on request by customers. To place orders, please contact Tianjin Branch of China National Machinery I/E Corp. China National Machinery I/E Corp., Tianjin Branch 14. Zhangde Rd., Tianjin, China Cable: "MACHIMPEX" Tianjin Telex: 23152,23202 TJMAC CN. Tel: 31-0981, 31-7283

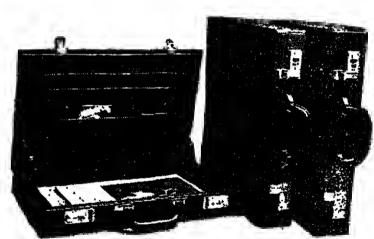
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TIANJIN

CHINA

A number of advertisements from Tianjin have been placed within the pages of this Survey. Should you require further information from these companies, please indicate in the boxes provided below. Your requests will then be forwarded to the individual

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19 Cannon Street, London EC4P 4BY
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1. 8 1

# China's second largest port

largest port, after Shanghai, and the higgest in the north. It is the gateway to the land locked provinces of the north-west, and to some extent to the north-east also. Last year China's ports were notorious for their delays, because of soaring imports, and Tiantin's Xingang docks were no exception.

n tradición de la colonidad como en la capación de la como de la colonidad de la colonidad de la colonidad de l

Managers in Tianjin city complain that raw materials were held np as much as 12 weeks, though port spokes-man Cheng Wenlin would only admit to ships waiting an average of seven days. There were delays of over one mouth, he says, but that was in 1984.

The problem has eased, partly because the import growth rate has slowed. The growth rate has sowed. The port management's efforts to rationalise finances, transport, staff and labour problems have also helped, says Cheng. The first breakthrough came when, in 1984, the port was transferred from Central Government control to the city. It is now almost

Tianjin stands on the Hai river, a polluted watercourse which used to flow out through marshland to the shallow Bohai Gulf. New the river is blocked to prevent salt contaminating the city's water supply. Docks first built at Xingang, in the mid-1940s, at the mouth of the river, have been steadily

Today, the harbour com-prises two areas, one with two passenger terminals and five general cargo berths within the mouth of the river, and 32 in a mainly reclaimed area on the sea. These include two more passenger terminals, a salt export berth, two grain import berths and four con-tainer terminals,

Last year the port's total throughout was 18m tens of cargo, planned to rise to 20m. this year. Container traffic appears low, probably because

The port authority is now permitted to keep its profits and use them for development and construction. This has already borne fruit. Cheng claims, reducing delays and speeding expansion.

"We've also raised the price of shorthaul transport by rail," he says. "That's per-suaded some companies to move goods by track, more practical now that about half the new highway to Tianjin is

"We've also stepped up penalties on cargo lying bere. We double tariffs after 7 days and at the end of a month we confiscate the cargo." The port has appointed younger men to top positions, and established new pay systems for the dockers. These failed at first as, on the switch from fixed to piece rates, the dockers were

initially making more than the managers. Now the port

in handling trade for the Colina MacDougall

only pays high bonuses for handling unpopular cargoes

Big developments are planned over the next five years. One is the "dolphin project" which will provide

temporary moorings for 20,000-30,000 ten ships. Goods will be transferred from these

by barge to the river port, where new berths for 5,000-

tonners will be boilt. In the longer term, three new con-tainer and more special cargo

berths will be constructed.

Tianjin port's real con-straint is ship size. The largest vessels it can accom-modate are 50,000 tous, and that is only at high tide. The shallowness of the Bohai has forced China to look else-where for deep water parts.

where for deep water ports such as at Bellun, near Ningpo, in the south, or Shijiusuo in Shandoog. But Tianjin will still have a role

Key role in foreign trade

# Heading for a record year

Overseas business visitors' guide

tant role in China's foreign Chinese prize-winners for trade. Last year the city's quality include the justly exports totalled \$1.13bn, a 30 famous Tianjin (Tientsin) carper cent increase on 1978, the pets. It is not an important year before Deng Kiaoning oil and coal port despite the launched the "open door" petroleum and coal resources in policy. It represented over 4 its hinterland.

per cent of China's foreign Chinese prize-winners for function work," says Ma.

The import story is different. Thanjin's own imports —as distinct from those made by Peking through Tianjin — amount to only \$200m or \$300m is a year. In this trade, Japan, a great a time when every dollar hillow is indicated to new flexions.

at a time when every dollar counted because of Peking's hefty trade deficit.

This year exports should be higher. "I'm not allowed to say what the planned total is." says Ma Zuqi of the city's Foreign Trade Bureau. "We've already reached over 52 per cent of it in the first half year, and that's 10.2 per cent over the same months in 1985."

The city's key export commodities — Ma classified these as anything earning over \$5m — in 1978 totalled only 30. Now

in 1978 totalled only 30. Now there are 50. They include garments, textiles, paper,

per cent of Chioa's total exports at a time when every dollar counted because of Peking's hefty trade deficit.

This year exports should be higher. "I'm not allowed to say what the planned total is." says Ma Zuqi of the city's says Ma Zuqi of the city says Ma Zuqi of the city says Ma Zuqi of the city says Ma Zuqi of the city's says Ma Zuqi of the city says Ma Zuqi of the city's says Ma Zuqi of the city says Ma

The city's main export partners are Japan, with nearly 17 per cent of the total, followed by Hong Kong and the US. Tianlin now has offices in all three, as well as in Australia, West Germany and Belgium. Almost every province in north China now has an office in 30. Now Tianjin to handle their own include exports, as they are encouraged paper, to do under the reform policy.

"But they do not affect our work," says Ma.

Britain at number seven, below East Germany and Spain.

Perhaps the city's most starting trade innovation is tha Tianjin International Market (TIM). This huge new five-storey construction flanks a square outside the 1910 Roman Catholic Church in a style reminiscent of the piazza in front of London's Westminster Cathedral.

TIM virtually a consumer

TIM, virtually a consumer goods supermarket, sells large numbers of imported items for Chinese currency to the locals.

Operated by the Tianjin Economic Development Corpora-tion, Tim makes barter deals with department stores abroad such as Wing On in Hong Kong. It also imports camples for copying. The entrepression of copying the entrepression of the control of the

The shop includes a floor for exhibitions from abroad and a exhibitions from abroad and a fast food a fathering bar. Mrs Han Hongning, Deputy Manager of TEDC and former medical technician turned business-woman, says they also import advanced technology and will shortly seek anthority to set my a financial institution.

TEDC runs 38 enterprises, of

which 20 are joint equity projects with foreigners. More are in the pipeline.

Colina MacDougali



# Introducing MEI KUEI LU CHIEW (Rose-dew Liqueur)

Chinese cuisine delights millions of people around the world, yet so far the wines and spirits of China have remained

Among the surprising range of different Chinese beverages is Rose-dew liqueur, a fragrant full-bodied liqueur from Tianjin in China. Rose-dew liqueur has o long and distinguished history inside China, and it has even won a gold medal for

Its fragrant full bouquet and appealing distinctive flavour will complement almost any fine meal.

CHINA NATIONAL CEREALS, OILS & FOODSTUFFS IMPORT & EXPORT CORPORATION,  WITH ITS broad streets and handsome early 20th-century architecture. Tianjin has more instant charm than most Chinese cities. Factories abound and pollution is high, but, unlike Peking, the city bas an impressive centre with a metropolitan feel.

Hotel rooms are sbort, but this problem will soon be ropolitan feel.

Hotel rooms are sbort, but finished.

this problem will soon be solved. The Tianjin Hyatt has just opened (prices around or leas—and payable in Chinese prices or leas—and payable in Chinese or leas or solved. The Tianjin Hyatt has just opened (prices around or leas—and payable in Chinese US\$70 for a modest room in this seven-restaurant hotel), the lakesine Crystal Palace starts up in October, and the less-glamorous Hotel Palace, next to Food St, is half-built. The Tianjin No 1 Hotel, oppotite the Swallow Garden, a joint site the Hyatt (and its joint-

There are several taxi com-panies. The Hyatt and the Astor have their own. Other hotels will order a taxi for you,

hotels will order a taxt for you, but if you are marconed in the Tianjin Gnest House the process takes some time. Taxis are expensive but plentiful.

In Chinese-style hotels, long-distance telephone calls must be booked on a form through the floor attendant. At the Astor you can dial from your room. On some lines it is posroom. On some lines it is pos-sible to direct-dial Hongkong and Japan, and this service will soon be extended. All the hotels Communications are good. Tiznjin is about two hours from

Peking by train (several each day) and on the main line to the north-east. There are four to five flights to Hongkong each week and daily flights to Canton. The city hopes to extend these services but are prevented at the moment because Tianjin is the emergency airport for There are more than 100

restaurants in the new Food St, brain child of Mayor Li Ruihuan. In a vast arcade food from every part of China is available. Tianjin dumplings,

venture partner), is down-market but also conveniently touch them!") are one located downtown.

speciality.
Kiessling's, the Austrian cafe in the pld German concession, is recom-mended for its atmosphere as much as its food. Hundreds of

gover.

in S

outp

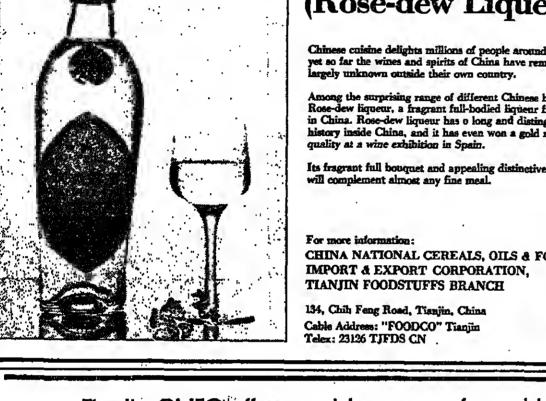
much as its food. Hundreds of young Chinese tuck into egg mayoungies rolls and beer in its Art Deco setting.

Leisure occupations are few. A golf course near the alreot is nearly finished. Decrept tennis courts and a swimming pool exist at the old Tianin Country Club, now the Friendship Club. Locals windsurf on the Hai river with rented boards (Yuan 1.50 an hour), but foreigners may not like the polluted water. polluted water.

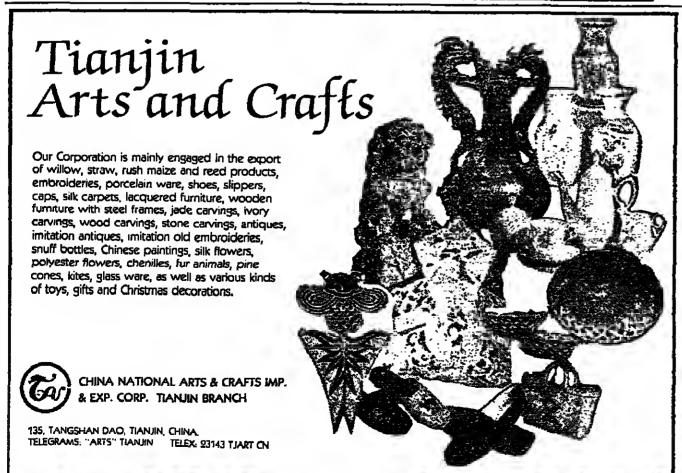
Tianjin is good for Chinese amusements such as Peking opera or acrobats, and there is the occasional Western concert. Sightseeing "musts" include sightseeing "musts" include the beautiful Ming Mosque, the recently restored Confucian temple, the Nankai No 2 Middle School (Zhou Enlai's old school) and the Art Gallery—not for the exhibits but the architecture. It is a former Krench bank

French bank,
"Astor Hotel, teler 23266
ASHTL CN; 23268 ASHTL CN;

C. M.









# 'Open door' policy has its problems

WHILE . CHINA'S Foreign even Japanese, despite the Ministry confidently announced three months ago that a bitter dispute between that the set of the two nations only foreign students at Tianjin University was "over," distrust at the forefront of the third lingers between the two world, and has been generous groups and diplomats are still in granting scholarships to concerned that the visitors will students from Africa—of the concerned that the visitors will

concerned that the visitors will be punished.

The unfortunete series of events began on May 24, when a group of Chinese students, irritated by the noise of a party thrown by foreign students to celebrate African National Day, demanded that the volume be inwered.

Exactly what happened next depends on which sida is to be believed. The Chinese say some of their number were

some of their number were assaulted and they retalisted, while the foreigners, mostly
Africans, say the Chinese,
without provocation, pelted the
hall with stones and bottles.
About 18 of the visiting students were later taken by police to a Tianjin botel, where they were supposedly kept for their safety. The students, fearing for their welfare, left Tlanjin for Peking, where they lodged protests with their respective embassies.

Most of the students returned to Tlanjin within a few armeter.

to Tlanjin within a few weeks, but several bave stayed in Peking, and sought guarantees that they would be adequately protected and that they would not he punished on their return to the university.

The incident bighlights the difficulty some Chinese bave had in coming to terms with the advent of foreigners through the "open door," and the problems foreigners have had in coming to terms with China and the often austere lifestyle here. lifestyle here.

They are problems not confined to Tianjin. A western diplomat says that Peking is doing what it can to soften the impact of foreigners and to educate the masses on bow to handle them, but some problems are inevitable.

For whatever reason, the ethnocentric Chinese seem to baye more he believes. difficulty dealing with Africans than with, say, Americans or

t at the forefront of the third world, and has been generous in granting scholarships to students from Africa—of the 3,500 foreign students in China, about 1,600 are Africans—but those conditions bave only made the Tianjin incident and its aftermath even more

embarrassing.
An African diplomat explains that be and several other African diplomats feer that the African diplomats feer that the students from their countries involved in the fracas will be eventually failed by the university, no matter bow good their examination results. He also criticises the Chinese handling of the situation, saying that the Government is still to provide full details about the happenings of May 24.

The coming of the summer vacation has taken some of the heat out of the conflict, but the ingredients for further conflict remain, the diplomat says.

remain, the diplomat says.

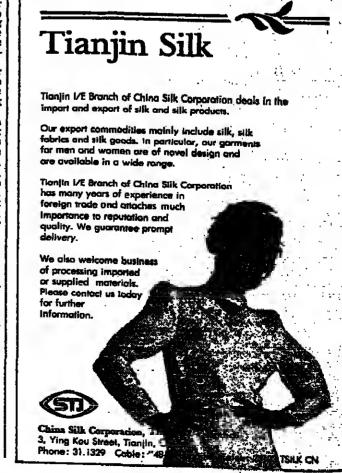
A leader of the African student group said the incident was just one of many examples of alleged Chinese prejudice against blacks. He told of an colour of his skin and thet of a friend: "They were saying that I was not really a hlack devil hecause his skin was darker than mine."

Living conditions at Chinese universities often work against harmony. Chinese students are known to be envious of the allowances and better eccommodation received by the visitors, yet the visitors can spend up to seven or eight years in China and often become frustrated by their surroundings,

The African diplomat believes that as the Chinese become more experienced with foreigners, there should be less tension. He mainly blames 'lack of education" for problems which Africans sometimes face in Chinese streets. Chinese ethnocentricity is a lesser cause.

Robert Thomson





### **UK NEWS**

# Boeing bid wins support from British contractors

BY DAVID BUCHAN

THREE leading UK defence contractors - Piessey, Ferranti and Racal - yesterday made a highly public show of their interest in participating in any successful bid by Boe-ing of the US to supply Britain with an airborne early warning (AEW)

At a joint press conference in London, the four companies an-nounced "agreements" whereby the three UK contractors would compete for much of the offset work that would be placed in Britain by Boeing if it wins the AEW order. Boeing is offering its E-3 Awacs

(airborne warning and control sys-tem) aircraft, already in service in Europe and the US; to displace GEC of the UK on its troubled Nimrod programme, which has cost £900m so far. Like Lockheed and Grumman, its foreign rivals for the British contract, Boeing has been required by the UK Ministry of Defence (MoD) to offer British industry over five years offset work work even if Boeing wins the prime worth 100 per cent of the value of its proposed sale.

Mr Jerry King, general manager of Boeing's information systems division, also disclosed for the first time that Boeing had submitted to the MoD a variant of its proposed Awacs sale giving the UK a reduc-

North Sea

oil output

output to be restrained from some

of the largest fields including For

ties, Brent, Beryl, Ninian and Piper.

tenance in June in order to defer

payment of petroleum revenue tax

month in the PRT chargeable peri-

od, tax payable on June production

is due in August, compared to tax on July production which is not due

Oil companies may recoup up to

tibn from the Government in Sep-tember after baving over-provided for PRT in the first six months of

The Treasury confirmed on Mon-

day that it would be paying a re-bate, and stockbroker James Capel

said yesterday that this was likely

The size of the rebate is evidence

of the damage that the fall in the oil price over the last six months has

done to oil companies' revenues.

month periods, with e small amount paid each month and the balance

• Hamilton Brothers Oil and Gas

yesterday announced details of an encouraging gas find in the North Sea in Ravernspurn North. The

sixth appraisal well drilled by the

company flowed at a rate of 64m cu-bic feet of gas e day. The results suggests that the field may be as large as Ravernspurn South, op-

erated by BP, and earlier estimates

of reserves of \$1,500bn cu ft may be

paid at the end of the period.

. The tax is levied over two six-

to be about £950m.

until the following February.

Most of the repair work was fin-

erage of 2.8m barrels.

April 1983.

oreign 's

arnoist #

alternative to Nimrod. Mr George Younger, the UK Defence Secre-tary, may explore the possibility of a joint Angio-French Awacs pur-chase when he bolds talks with his French opposite number next

GEC was last week given e further month, until the end of September, by the MoD to show that it can turn the Nimrod into a system workable to the RAF's satisfaction. and keep the contract against foreign and domestic competition.
With the extension of the Nimrod

competition, the offset issue has become a focal point of increasingly heavy lobbying by the US aero-space companies. The "agreements" signed yesterday have little practical effect. They do not guarantee the three British contractors any contract. Mr King emphasised that, to meet price, schedule and quality ents. Boeing would have to let all subcontract work competi-

Nor do the "agreements" tie the UK companies' hands if Boeing loses. Indeed, Plessey, Ferranti and tion - believed to be around 5 per Racal all bave similar "expression a show of public support for the cent - in the unit cost of each E-3 of interest" agreements with Lock- Seattle-based aerospace company.

aircraft, if France were to join Brit-ain in buying the Awacs.

That might be significant, given that Awacs is the most expensive

Heed, another competitor for the AEW contract.

But Boeing is so far the only for-eign contender to have persuaded

leading British defence contractors to intimate publicly their backing for its bid against all others. In fact, only Plessey, buoyed by its successful escape from a hostile takeover bid by GEC and tresh from its cooperative agreement this month with Westinghouse, supplier of the Awaes radar, was catogorical in its

exclusive support for Boeing. Mr Michael Whiteman, Plessey Avionics managing director, said that only the Boeing Awacs met "all the necessary criteria" for an effective British AEW system. Mr Philip Burton, of Ferranti Computer Sys-tems, confined himself to pointing out that the 11 Nimrod airframes on which GEC is working might be better used to upgrade maritime recon-naissance rather than in airborne

However, all three British compa nies are clearly enticed by the fact that Boeing is offering 90 per cent of its Awacs contract offset in its enormous civil and military activities outside the AEW area. They have clearly calculated that the possibility of increasing their involve-ment in Boeing activities was worth

# Recovery in Fear of union ballots split recedes

BY PHILIP BASSETT, LABOUR EDITOR

PROSPECTS of a damaging split between the Labour Party and the PRODUCTION of North Sea oil in unions on pre-strike balloting receded sharply yesterday when Trades Union Congress (TUC) lead-ers agreed a formula on the issue July bounced back strongly from a depressed June figure to a daily av-According to figures by stockbro-kers, Wood Mackenzie, UK oil prowhich satisfied principal left- and right-wing unions,

duction was about 400,000 barrels a The decision, which senior TUC day higher in July than in June, officials regarded as effectively removing balloting as a source of conflict at the annual TUC Conen output was at its lowest since June production figures were degress next month, was welcomed by pressed by a series of work mainte-nance programmes which caused

Mr John Prescott, Labour's emloyment spokesman, described the differences as a "storm in a teacup" and said he very much welcom Most of the repair work was finished by the fregulating of July and Labour's policy. Labour leaders reoutput for the month was at its gard the balloting issue as vital to
highest since March. Oil companies
try to carry out most of their mainchances.

Foundations of yesterday's decision were laid in private telephone Tuffin, general secretaries of the TGWU transport and UCW postal

Much of the difficulty over the issue stemmed from a Congress resolution from the UCW calling for ballots before all industrial action, something beyond the Labour, TUC agreement on balloting – which led the TGWU to delete wholly that section, providing for no ballots at all.

UCW leaders now recognise that this could well have been a drafting error on their part, and the TGWU accepts this may have been compounded by an over-hasty amend-ment, instead of one changing "industrial action" to "strike action" to bring the motion in line with the Labour-TUC document.

After these contacts, Mr Norman Willis, TUC general secretary, proposed at a meeting yesterday a new form of words on the whole raft of motions and amendments on employment law.

The crucial section on balloting now says that the TUC Congress calls for "a right to strike, and to succeed in Britain "if they could conversations on Monday evening have a secret ballot in such situabetween Mr Ron Todd and Mr Alan tions, and to take other industrial action, both in dispute with the employer and in solidarity with other

# TUC sees benefits in profit-sharing scheme

THE TRADES Union Congress (TUC) is today expected to endorse a surprisingly warm initial re-sponse to the Government's proposals on profit related pay which ac- ers' participation in decision-makcepts the advantages the scheme of fers to employees.

The TUC's positive reception of

(consultative paper) on the issue, which is likely to be approved by a meeting today of the full TUC general council, will be e considera boost to Treasury hopes of the idea securing widespread acceptance, especially from workers and union

members. A confidential TUC document before today's meeting rejects as "spe-cious and offensive" the idea that some pay demands would, if grant-ed, lead to lower employment. It re-

jects the idea that profit-related pay (PRP) will enhance employee involvement, arguing instead that this will be increased by full working and collective bargaining.

Although it says that many the Government's arguments in fa-vour of PRP are flawed," it acknowledges the proposals as important. It says that "if profit-sharing sult in a significant transfer of pur-

chasing power to working people."

Because this in turn would boost aggregate demand hy shifting resources from savings to consumption, the TUC says that, coupled with the tax relief available from view profit-sharing as reflation by

# Tory Party takes legal action over attack on Lord Stockton

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE CONSERVATIVE Party yes-terday obtained a High Court in-back to the Soviet Union 40,000 terday obtained a High Court injunction preventing the further distribution of a Tory student magazine which claims that the Earl of Stockton - the former prime minister Mr Harold Macmillan - was a

The move was made by lawyers representing Mr Norman Tebbit, the Conservative party chairman. who said the article represented "a disgraceful attack on a distin-guished former prime minister."

The accusations in New Agenda, published by the Federation of Conservative Students (FCS), have caused deep embarrassment within the party and for Mr Tebbit. The party chairman, who is on holiday in France, moved quickly to prevent the magazine from being more widely distributed and will conduct an inquiry to escertain how the arti-cle came to be published under the imprint of Conservative Central Of-

The article, based on an interview with Count Nikolai Tolstoy, the hisorian, alleges that Mr Marmillan Mr Phibbs, who is well-known for he knows it."

are not new but the fact that they have resurfaced in a Tory magazine has provoked anger and disbelief at

The high court action followed a statement from Mr Harry Phibbs, the editor of New Agenda, saying that he would continue to distribute the magazine despite the request from Central Office that all copies

Mr Phibbs, who defended the decision to publish the accusations. had said he thought an appropriate compromise would be to remove the Tory Party logo from the magazine. But Central Office made immediate representations to a High Court judge and won the injunction.

A spokesman said: "We had to take this action because Mr Phibbs refused our request. We are not trying to attack Mr Phibbs or the FCS but trying to protect our position."

Despite the High Court decision,

his right-wing views and has regu-larly incurred the anger of senior Conservatives, remained defiant. He said he had anticipated court action by Central Office and had rushed out more than 2,000 copies before the judgment was known. He would, however, cancel a further 1,000 copies carrying the Tory logo which had yet to be printed.

Mr Phibbs added: "As far as I am concerned. New Agenda is no longer the property of Tory Central Of-fice. It is an independent publication which does not receive party money but is funded by subscrip tions, advertisements and donations. I will be taking legal advice and intend to battle against this all

the way. Last night the Federation of Conservative Students moved to distance itself from Mr Phibbs's statement. Mr John Bercow, chairman of the FCS, said that approval ior the article had not been sought or given. He said: "Mr Phibbs should toe the party line. He cannot claim to bave published the article with FCS approval. It was not given, and

George Graham on a survey of a \$90bn-a-day trade in foreign exchange

# London currency market second to none

LONDON's foreign exchange dealers have always thought their market was the best in the world. Now they have confirmation that it is at least the higgest.

A Bank of England survey carried out in the first 10 working days of March, shows average daily turnover at about \$90hn (£60hm1-mearly double the most recent estimales. This puts London comfortably ahead of its closest rival. New York, which hoasts \$50hn a day, or Tokyo with \$48tm.

A well-established hanking

community, a time zooe that overlaps with both the Far East and North America, and a healthy regulatory environment are among the factors that have given London the lead, to the extent that London broking companies and London-trained dealers are prominent even in the other main centres.

Business has taken off since 1979, when the UK's foreign exchange controls were lifted and tanks were allowed to trade currencies directly with each other, rather than only through

The foreign exchange brokers are hardly complaining, how-ever, for if their slice of the cake has diminished, the cake itself has got bigger. The Bank's survey shows that 43 per cent of the market's husiness was arranged through hrokers, a total of \$38.7bn.

In New York a parallel survey conducted by the

survey conducted by the Federal Reserve Benk showed that hrokers had increased their turnover in the past three years by 84 per cent to \$25.9hn of the \$50bn a day traded.

Brokers hold a much stronger share of the market in non-sterling trading and also have strong position in the forward

Currency Trading in London Total \$90bn ROTS.

market. Ahout 43 per cent of brokers' turnover was in the forward market, compared with the foreign exchange market as a whole where the proportion was 26 per cent.

In addition, London brokers arranged a further \$2hn a day of business where both counterparties were hased outside

Out of the \$90hu turnover, only 9 per cent was accounted for by transactions carried out directly with customers. Does this mean that the remaining \$82hn a day represents pure speculation of the type that finance ministers around the world love to curse?

a string of other deals in the currency markets, so much more fact be sparked off by customers' commercial require-

If a customer wants to huy D.Marks from his bank for a date six weeks ahead, the bank would have to do a minimum of four interhank deals to match the value and date precisely.

First, it would sell the customer's sterling on the spot market in return for dollars. Then it would sell the dollars for spot D-Marks. Finally, it would carry out separate swap deals in sterling against the dollar and in dollars against the D-Mark.

"It is like a 10,000 piece jig-aaw puzzle. A lot of the inter-hank husiness we do is other banks' commercial business Bank. A single transaction with a customer may be reflected in a string of other deals in

Many foreign exchange dealers believe that specula-tion, at least by the banks that take part in the market, is declining. Increasingly volatile exchange rates have encouraged

posoitions they take in a par-ticula currency, and to keep those positions open for shorter periods. Central tanks have also played a role in imposing finding a matching buyer or controls on banks' exposure to foreign exchange right.

foreign exchange risks.

The Bank's survey shods that the bulk of the foreign exchange market is accounted for hy sterling/US dollar and dollar/D-Mark husiness. Sterling took up 30 per cent of total turnover during the survey according to and during the survey period, and the D-Mark 28 per cent. This contrasts with other foreign exchange centres, where dollar/D-Mark husiness is hy

far the largest.

The other main currencies were the japanese yen and the Swiss franc. which together with the dollar, the D-Mark and the pound are generally reckoned to be the five investvolumes of business were done the French franc, the lira and the Canadian dollar, with the Australian and New Zea-land dollars, the Dutch guilder the Scandinavian currencies further behind.

Traditionally, dealing from one currency to another always had to be done via the dollar. The survey shows that direct business not involving the dollar—"cross-currency trad-ing"—represented only about 3 per cent of total turnover. Most of this was between sterling and the D-Mark.

Dealers observe, however, that this cross-currency husiness is taking off now-helped in part by the weakness of the US dollar over the last year and a

A foreign exchange manager at one Brilish clearing bank

banks to reduce the size of the mendous level of activity in the cross markets, with banks trading D-Marks into gullders or Swiss francs into marks."

seller in these cross deals is still much smaller than in the traditional dollar-based markets. Many foreign exchange traders feel that the market has in recent years become more concentrated. The main centres of London, New York and Tokyo are taking a tigger share of the world market, they feel, and the largest banks are becoming increasingly dominant within those centres.

The survey results, however, show that the market in London, at least, remains fairly widely dispersed. Of the 348 hanks covered by the survey, 24 each accounted for more than 1 per cent of total gross turn-over. Of these, only 10 took more than 2 per cent each.

These top 10 tlanks had a combined market share of 36 per cent, and the Bank com ments that less than half a dozen banks maintained a com-parable presence across all categories of husiness The Bank names no names,

hut market participants agree that the laurets are fairly evenly split hetween the lead-ing British and American hanks.

Barclays and Midland from the UK along with Citihank and Chemical Bank from the US are frequently named as the most active players in the foreign exchange market. Other hanks such as NatWest or Lloyds in London or Chase Man-haltan, Bank of America and Morgan Guaranty from the US also have a significant presence, partly by virtue of size.

# Freeports 'put under burden'

By Anthony Moreton

AN ORGANISATION that brought much pressure on the Government to introduce freeports into the UK, today expresses its disillusionment with the way they have been op-

It said they had been made to labour "under the same burden of regulation that depresses business creation and job growth in the rest of the UK." The Adam Smith Institute,

right-wing research body, said it compete equally with those in other parts of the world."

Customs and Excise are criticised, bowever, for contriving to thwart their operation. They accuse the department of rigidly interpret-ing the rules instead of co-operating

with the operators.

The report comes at a time when the viability of at least three of the six British freeports set up in 1984, Belfast, Cardiff and Prestwick

airport have all had great difficulty in attracting tenants. At Cardiff no work at all beyond marketing bas been done on the project and no further money is to be spent by the operator until e prospective custom-Both Southampton and Liverpool

freeports are in operation and working on a small scale. The sixth freeport at Birmingham airport has just finished lengthy infrastructure work and is about to market its

Freeports are areas where goods may be imported, processed or manufactured and exported without having to pay Customs dues and some other national taxes.

### Goodyear buys automated tyre system

By Paul Taylor in New York

GOODYEAR Tire and Rubber, the world's largest tyre manufacturer, disclosed yesterday that it had acquired Engineering Consultancy Service (ECS), a British company and former Dunlop subsidiary, that has developed a computerised sys-tem for assembling tyres which Goodyear claimed "could revolutionise the tyre industry."

Terms of the deal, which was completed in January, were not disclosed. Goodyear, based in Akron, Ohio, said ECS, now known as Howdins, bad developed an automated ruhber compounding and tyre building system which would eliminate the need for the preparation of tyre components.

Goodyear bought ECS from BTR. which accuired the unit when it gained control of Dunlop's non-tyre manufacturing assets last year. "The acquisition of ECS empha-

sises Goodyear's determination to remain the technological leader worldwide in the tyre and rubber industry," said Mr Robert Mercer, Goodyear's chairman. "Fully automated tyre production has long been a dream. Now we believe the dream is about to become a reality. and we are on the threshold of an entirely new era in tyre production as well as considerably raising the level of tyre uniformity.

# SDP unveils plan to raise standards of health care

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

A £500m-a-year fund to help tackle inequalities in bealth care and to finance services for the mentally ill and handicapped is being proposed by the Social Democratic Party (SDP) as part of a plan for improv-ing the National Health Service (NHS).

The fund, which would be available to district bealth authorities, local authorities and voluntary organisations, would belp to finance innovatory bealth care projects. Its cost would be partly met by anticipated savings in the NHS drugs bill. In a paper on Britain's bealth

vices, to be debated at the SDP conference oext month, the party says that the NHS - "once a shining symbol of post-war optimism" - Is now facing a crisis which demands a fundamental rethink of the way in which it is run. The SDP says that health stan-

WHITBREAD North America, e subsidiary of Whitbread, the UK

brewing and retailing group, in-

tends to make an agreement with a

wine co-operative in Californie's

Nana Valley to produce and market

The joint agreement comes a few

nonths after Whitbread's \$30m ac-

nuisition of a 1.100-acre wine estate

in Napa County. Whitbread said yesterday that while its own viney-

urd was a "slow burn" operation

with much of the vineyard only just planted, the fruits of the joint oper-

ation would be gathered almost im-

No financial details have been

given on Whitbread's joint venture

with the Napa Valley Co-operative,

which represents about 20 per cent

of the grape-bearing acreage in the

table wices for US restaurants.

age of 75 higher than in many comparable countries. It claims that Britain has one of the highest rates of infant mortality in Europe and says that the chances of serious illss and premature death depend far more than in other countries on a person's social class and the region in which they live.

Inequalities in the NHS bave grown worse in recent years, despite advances in new drugs and medical technology. The Tories' economic policies, it suggests, have made Britain a sicker nation and still mounting.

The SDP calls for the redistribution of available resources in a fairer and more effective way, targeting in favour of the most deprived and focusing on areas of highest so-

The project, for which a letter of intent has been announced, is the

latest in a trend towards increased

foreign investment in one of the

US's top wine producing areas Whitbread is the only British hrew

er to be actively building Its inter-

ests there, although some UK brew

ers have substantial interests in

continental European vineyards for

Mr Ken Parr, president of the 52-

year-old co-operative, said that un-

der the terms of the agreement its winery would be refurbished and a

Whitbread North America will

participate in the selection of

grapes as well as in the overall production and marketing of the wines

which will be introduced in July

bottling plant would be added,

both table wines and sherries.

dards have stagnated, with the change emphasis from the treat number of people dying under the ment of disease to the promotion of good bealth. The SDP says, however, that it does not intend to make any pro-

mises about levels of funding for the health service, which it cannot be sure of delivering. As and when the party's strategy for promoting economic growth bears fruit, the welfare services would be the first

In what the paper calls a patients' charter, the SDP says everyone should have the right to choose their doctor as well as the right for full information about medical serown medical condition.

Patients should also have the maximum possible freedom choice in selecting the timing hospital treatment Changing and Renewing the Health Services, SDP, 4. Cowley

Tories told to

of 'green' vote

THE CONSERVATIVE Party faces

a struggle to retaio the "green," or conservationist vote, and the Gov-

ernment'a failure properly to pre-

sent what it has done for the envir

onment is a dangerous shortcom-

ing, according to a leading member

of the Bow Group, a Tory pressure

Writing in a booklet published to-

day by the Party's right-wing Cen-tre for Policy Studies, Mr Tony Pat-

erson, Bow Group research secre-

The protection of the country-side is Britain's foremost green po-litical issue, just as combating for-est damage is West Germany's. It should become a major element of a

comprehensive environment pack-

age in the next Conservative mani-

The Bow Group, traditionally re-garded as e right-wing pressure-group, now represents e broad spec-

trum of Tory opinion. The booklet

contains a range of comments on a

speech on farming and countryside policy delivered earlier this year hy Mr William Waldegrave, the junior

Mr Paterson says that the Gov-

ernment's latest countryside initia-

tive - involving the introduction of

special conservation grants to be

paid in so-called environmentally

sensitive areas - may be insuffi-cient to win the rural green vote.

Elsewhere in the document, Mr

Waldegrave is attacked by a proper-

developer, Mr Graham Pye of the

Pye group, for giving too much em-phasis to countryside conservation

Mr Waldegrave has "failed to rec-

ognise the size ... of the problem which faces farming," be writes. The approach which the minister

advocates, involving paying farmers to conserve the countryside

rather than to produce food, "would

not only damage the quality of ur-ban life but also - inevitably - fuel

Distant views of William Walde-

environment minister.

heed value

By Andrew Gowers

Street, London SWI

discharge into the sea.

levels only marginally above the new limits." All reprocessing has been stopped as a safeguard, BNFL said. Operations will return to normal in

a matter of days."

Company scientists launched an immediate investigation into the incident and the Nuclear Installations

Reprocessing was last stopped at Sellafield two years ago after an excessive discharge into the sea. A lengthy shutdown cost the company millions of pounds.

TRADE UNIONS representing workers at Royal Ordnance, the manufacturer, have urged the Gov-ernment to defer by three months the sale to Vickers of the tank factory at Leeds, Yorkshire.

The unions have also registered with the Office of Fair Trading ecase for the sale, due to be complet ed by September 1, to be referred immediately to the Monopolies and

Mergers Commission. The unions say that the sale would create a monopoly in UK main battle tank manufacture and would be contrary to government

☐ MR GAVIN LAIRD, general secretary of the Amalgamated Engineering Union (AEU), is to become the first trade union leader to address the annual cooference of the

Mr Laird's appearance at the November conference is likely to attract criticism from left-wingers within the politically divided AEU □ AN OVERTIME ban on coal production started by South Wales miners two weeks ago has cost

The ban is in protest at British Coal's refusal to pay members of the National Union of Mineworkers a £5.50 a week increase awarded to members of the breakaway Union

☐ WORKERS at the UIE rig yard

# Cassell books business returns to UK control

Whitbread to link with

US wine co-operative

BY WILLIAM DAWKINS

Nicholas Monsarrat among its authors, bas been the subject of a socalled management buy in, a takeover staged by outside managers with institutional backing.

tium is Mr Philip Sturrock, who was managing director of Routledge and Kegan Paul until the latter fell prey to Associated Book Publishers in June last year. Since then, Mr Sturrock has looked after Ventures and the Prudential Assurance Company, which arranged finance for the Cassell bid with Phillips & Drew Development Capital. The ourchase price was not diswith the synonymous British pub lisher). Cassell was sold this time by

Holt-Saunders, the Eastbourne based subsidiary of CBS, the US broadcasting and publishing group which bought the then loss-making UK company for an undisclosed sum just four years ago. CBS has been the subject of persistent take-over rumours and is disposing of Cassell - now profitable - because is wants to concentrate its non-North American publishing interests on health sciences, US college

unquoted investments for Schroder . Lawson Mardon, the leading Luton-based folding carton subsid closed, though it is believed to be iary with £1m annual sales and 31 about £1.5m. If that is so, the constall, has been sold to its execu-

nounced yesterday that it had returned to UK hands.

The group, which counts Sir Win-ston Churchill, Robert Graves and Heading the management consor-

sortium is paying much less than tives.

CASSELL, the 138-year-old British publishing husiness which has been under US ownership since 1970, an publishing group (no connection

books, and medical journals.

packaging company bought by its manager for £173m last year, yesterday announced a management buy-out of its own. N. Sale & Co, its

### Sellafield N-plant halted THE SELLAFIELD ouclear plant

in north-west England balted all reprocessing of spent fuel yesterday after a consignment of waste was found to contain higher than per-mitted levels of radiation, Fiona Thomson writes.

The waste was in a sea tank waiting to be discharged into the Irish

British Nuclear Fuels (BNFL), which operates the state-owned nuclear power station and reprocessing plant, said: "Routine monitoring yesterday morning showed that there were higher than normal levels of low-level radioa one sea discharge tank."

There had been no escape of the waste BNFL said. There is no risk to workers or to the environment." The suspect liquid bad been returned to the reprocessing plant and was last night being treated to bring it within the allowed limit for

"Had we discharged the liquid we may bave breached new discharge limits set by the Government earlier this year," the company said. "The monitoring showed

Inspectorate was informed.

statements favouring increased competition among defence manu-

Confederation of British Industry.

£450,000 in lost output, British Coal

of Democratic Mineworkers.

the decline of the rural economy, to on the Clyde in Scotland have split the detriment of all who depend on over taking strike action in response to the management's announcement that more that balf the grave's Oxford speech; E3.20 from Centre for Policy Studies, 8 Wilfred St. London SWIE 6PL 530 full-time staff will be made re-

# Oxley's empire geared for long-term future

above a 19th century manor bouse in Ulverston. Cumbria in north west England. It is a sign that one of Britain's most eminen! - though least known - electronics entrepreneurs is in residence at the beadquarters of the company he created 48 years ago.

The flag displays the personal crest of Mr Freddie Oxley, the 17ear-old founder and chairman of Oxiey Developments, a small but successful electronics concern which is based in one of England's remotest regions on the borders of the Lake District.

Mr Oxley moved his bome from England for tax reasons in the mid 1960s and now spends most of his time at houses in Geneva and Laxey, on the Isle of Man. But two or three times a year the Sorbonne-educated chairman flies to Cumbria to spend spells of several weeks at the company, the fortuoes of which be continues to direct to a remarkable

degree.
All shares in Oxley Developments, which has annual sales of £7m, are family-owned. The company makes customised electronic equipment, such as telecommunications switches, filters and display devices for a range of blue-chip concerns. Customers include Plessey, GEC, Chase Manhattan, Bank of America, United Technologies and

Hughes Aircraft. Other products include devices lights to ensure that the signals are on to it, many of which have specsufficiently bright to be visible in tacular views of some of England's sunlight. Mr Oxley, who oormally highest mountains, can inspect shuns from publicity, started in manufacturing machinery that Mr the radar sets vital to Britain's ef- so a plantation of Christmas trees forts during the Second World War. now lofty specimens - that the

BRITISH CALEDONIAN (BCal),

and Tokyo on April t next year.

and Japan on air services between

start of its new service, although

and gold flag can be seen fluttering Peter Marsh discovers why self-sufficiency.

> neering patents. He still travels the world drumming up exports for his

A recent achievement is the setting up of a factory in New Haven, Connecticut, which is about to start production, mainly to serve the US defence industry. The factory should employ 40 people by next year, adding to the 400 wbo work in Cumbria.

Mr Oxley, who communicates daily with managers at Ulverston by telephooe and continues to work in his own electronics laboratory in Laxey, says be views the company as his bobby. "I could never give it up - it's like gardening," be says.
"I've oever been tempted to sell even part of the stake. You wouldn't seil a share of your toy."

Despite his absence for most of the year, Mr Oxley maintains a strong spiritual presence at his company's Ulverston base. The enterprise moved from its initial factory in London to its present location in 1942, as part of the drive by the Churchill government to shift vital war operations to the countryside.

Visitors to the Ulverston manor used by manufacturers of traffic house and the factory units tacked business making capacitors used in Oxley himself produced. There is al-He speaks six European languages chairman planted with his own and is credited with about too engi-

BCal plans Tokyo service launch

Mr David Coltman, BCal manag-

It is clear that the UK and Japanese

cies and additional carriers on the

The airline expects to operate

three Gatwick-Tokyo services a week by April next year at the lat-

and senior managers meet at 9am one of Britain's successful for 30 minutes io the comoany's paoelled hoard room, which is hung high-tech entrepreneurs with two large portraits of Mr Oxplaces a high price on ley and his wife, Ann. Mrs Oxley, who helps her husband with admioistrative duties, is president of the company's US subsidiary.

At this daily gathering, the company's officers ceremonially inspect all the morning's mail - orought to them in wire baskets. The chairman introduced this morning ritual back in the 1940s to acquaint managers with each other's problems.

One particular task for the meet ing is to monitor invoices which bave gone unpaid. This determines which of the company's suppliers are poor at settling their debts. Unusually for a company of such a size, Oxley . Developments has no managing director. Mr Oxley says this is to encourage democracy among the concern's top managers The senior person at the company is Dr Geoff Edwards, a mild

pleas**ant ma**n who bas worked at Oxley since 1968. Dr Edwards is keen to show visitors the inventions of his chairman - one of which is a minuscule ball and socket arrange ment, devised in 1975, which links up electronic circuits with a audible

Perbans the most remarkable factor about Oxley is the degree to which it scorns sub-contractors. preferring to do itself practically all the work involved in the production

of electronic equipment.

According to Mr Oxley, making money out of his company is less important than building up an operatioo that will be turning out useful products over decades. He criticises much of UK industry for paying too much attention to short-term goals, "The touchstone of an industry," be says, "sbould be its longevity.

est. A BCal office is being set up in

Tokyo, and legal requirements will be settled soon. Soviet approval for

trans-Siberian over-flying rights is

Flight frequencies, timings and fares have yet to be confirmed, but

BCal is accepting registrations from interested passengers. These will

be converted into firm bookings

ooce the final confirmation of the

expected sbortly.

# **British Gas** planning post

Planning and management services for BRITISH CAS in the UK and Europeao division EASTERN RECION is Mr S. J. of the group. He was assistant kilhourn, the region's personnel director. He takes up his Eank international division.

Appointment on September 29. Mr Kilbourn wbo lakes over from Mr W. M. Johnston, has been persmnel director since July 1977.

THE HUDSONS GROUP has made the following appointments: All Hudsons Offshore Holdings Mr. E. C. Shadwell is appointed general manager. He joins from Harefield Rubber Cowhere he was managing director. Miss Gina M. Ayres becomes director and general manager of HOH Supply with overall responsibility for Hudsons international supply and trading national supply and trading division. Mr N. A. Harsant has been appointed managing direc-tor of Hudsons Freight Services. tor of Hudsons Freight Services. He is also managing director of Hudsons Freight Services (Far East). Mr C. J. Kent and Mr P. J. Giles become directors. At Hudsons Offshore Mr L. R. Main, a hoard member of the Hudsons Group and previously managing director, Hudsons Freight Services is appropried managing vices, is appointed managing director. Mrs J. Berry becomes a director, and Mr J. Martin Eaton is appointed general manager.

British Alcan Aluminium has appointed Mr Malcolm Shearer as managing director of BRITISH ALCAN SHEET. He assumes this ALCAN SHEET. He assumes this position to addition to his existing responsibilities as managing director of the foil division. The appointment represents a significant new management structure with the sheet and foil operations being combined into a new rolled products division.

CUTTS & CO has appointed Mr Fred Clarke as chairman. He was previously with 1EM and Royal Ordnance Factories.

JAEGER has appointed Mrs Sheila Reiter as managing director of Ladieswear UK, Mrs Reiter joined Jaeger at the beginning of August.

Mr Keltb Jecks has joined LLOYDS INVESTMENT MANAGERS as a director with overall responsibility for the marketiog of its Investment management husiness. He is also joining the board of Lloyds Merchant Bank. Mr Jecks is joining from Reeves Brown Associates where he was a director. Previously, he was a director of actuaries Cubie Wood & Co, where he was responsible for its investment performance monitoring service.

HELIX SOFTWARE CON-SULTANTS part of Helix Tech-

Mr Denis Finning has joined AMERICAN EXPRESS ASSET MANAGEMENT as an investment director with responsibility for portfolio investment io the Japanese and Far Eastern stock markets. He was an investment director with Britannia Asset Management.

PA OIL AND GAS SERVICES has made Mr Andrew Mather its director—oil and gas (UK). He was manager—UK operations.

Mr Stephen Clark has been appointed a director of COUNTY GROUP, the management company of the NatWest Investment Bank group. He has also been appointed a director of County.

INSERTECH has formed a INSERTECH has formed a holding company. Insertech Group Investmeots. The company will own holdings in Insertech, losertech tContract Maintenance, Fife-Insertech Co. Cloemoss, and Professional Technology Services. The present directors of Insertech Ltd. Mr R. A. Westcott, Mr M. G. Green and Mr B. P. Nicoll will all become members of the group hoard, with Mr R. A. Westcott as chairman and chief executive of the new company.

### Group finance director at IBL

IBL has appointed Mr Asbley West as group finance director from September 8. He was pre-viously group finance director at viously group finance director at Tiphook and prior to this held positions as vice president, financial controller in the UK for Continental Illinois National Bank & Trust Co of Chicago and assistant director of adiminstration in the banking division of J. Henry Schroder Wagg & Co.

Sir John Baddeley bas been appointed finance director and company secretary of MENTZEN-DORFF AND CO, a subsidiary of Charles and the secretary of the secretary

# Piccadilly refurbishment

SONS has been awarded a f6.5m contract by Ahacus Developments for extensive refurbishment of two listed buildings at 138/140 Piccadilly, and one in Hamilton Place, and the construction of an extension to 11-12 Hamilton Place comprising basement, lower ground, ground and six upper finors, loternal work includes construction of a lift core with steel frame and staircase to 138 Piccadilly. External walls will be cleaned and damaged stone work repaired. The extension to 1t/t2 Hamilton Place will be of reinforced concrete on bored piles and reinforced concrete ground beams and slabs. Reinforced concrete retaining walls will be built to form an enctosure the contract was awarded by the London Borough of Newham for the contract was awarded by the London Borough of Newham for the contract was awarded by the London Borough of Newham for the london Borough of Newham landon london Borough of Newham landon london Borough o will be built lo form an enclosure at lower ground and basement levels. The extension, served by levels. The extension, served by Iwo passenger lifts, will provide to 120 sq metres of office accommodation on ground and four upper floors, 920 sq metres of resideolial accommodation on three upper floors and 378 sq metres of garage space. Work metres of garage space. Work is due for completion in November 1987.

CYANAMID OF GREAT
BRITAIN, Gosport, is to construct a £2.5m laboratory for the development of herbleides and growth regulators, and has awarded a design/build contract for the 14.500 sq ft huilding to WARINGS, Portsmouth. Other awards to Warings, totalling £7m, include civil engineering at the proposed Port Solent Marina, Portsmouth, where the reclamation and filling work involves importation and compaction of 800,000 cu metres of chalk fill, and coupled with the construction of the arterial roads and drainage, amounts to £4m io and drainage, amounts to £4m io value. The work is for Arlington Securities.

NORWEST HOLST has started NORWEST HOLST has started work on a £2.6m contract for the Welsh Water Authority. This involves construction of new head office premises situated within the Brecon Beacons National Park. When completed io the late summer of next year, It will replace the authority's existing head office wblch is close to the new premises and will be demolished. Also for Welsh Water. Patersoo Candy Welsh Water, Patersoo Candy Holst will soon start a £4.3m water treatment works contract at Court Farm near Newport. The joiot company of Paterson Candy International and Norwest

MOWLEM MIDLANDS has won two contracts together worth 15m. At Bromyard, Worcestershire, West Midlands Regional Health Authority has awarded a £2.42m order for the construction of a joint community hospital and home for the elderly. It will consist of a single-storey clinic and administration building accounted accounts with and administration building grouped around a courtyard with a hospital wing and a residential wing. Work has started for completion in December 1987. At Saltley, Blrmingham, Mowlem has won a £2.54m urban renewel contract from City of Birmingham District Council in zone 1 of Berry Housing Action Area. The work involves improvements and alterations to 137 properties The work involves improvements and alterations to 137 properties most of which require extensive refurbishment including reroofing, replastering new heating and electrical systems and new bathroom and kitchen fitments. Work has started for completion in September 1987. in September 1987.

STONE INTERNATIONAL has been selected by British Rail Engineering Ltd, (BREL) to supply both air conditioning and powered door equipment for the new type 442 Bournemouth lice coaches. The contract valua is around £1.8m. The underframe mounted air conditioning units will use heat pumps to improve performance and reduce running costs. The doors will be a hlend of sliding and swinging plug types. Delivery is scheduled to commence during the early part of 1987.

SIR ROBERT McALPINE & 10a of the M1 motorway, BedfordSONS has been awarded a £6.5m shire. The project includes the
contract by Ahacus Developments for extensive refurbishand construction of e grade
ment of two listed buildings at
separated junction to serve the
business park. A three-span alone byte-multiplexor and prinbusiness park. A three-span alone byte-multiplexor and printhe five-year DHSS local office
project. Under the contract,
RTD with provide an integral
clearway node for Newbury Data
intelligent terminals, plus standbusiness park. A three-span alone byte-multiplexor and prin-ter nodes. In line with the DHSS requirement for comprohensive central management facilities, these systems are to be installed into its 500 local offices and net-worked to information Techno-lesses. Momentum 2 000 mbs. logy's Momentum 8,000 minicomputers for updating.

of 2.5m contract for construction of an embankment as advance works for the Eastern Gateway access road into the Royal Docks. The work involves 190,000 cu metres of fill for the embankment which is to be built in three phases to allow for settlement. The contract was awarded by the London Borough of Newham for the London Docklands Corporation.

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MOWLEM MIDLANDS has won two contracts together worth fism.

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MOWLEM MIDLANDS has won two c

hot and cold water, and medical gas services.

Jamas Scott is to undertake e similar project in a new process-controt building at the Shell UK oil refinery at Stanlow. The 1400,000 contract entells the provision of all mechanical services for beating, ventilating, cir conditioning, but and cold water, and plumbing. Completion is programmed for the end of 1896.

The London Borough of Havering has preered a DPS 8/49 dual processor large mainframe and a DPS 6/951 minicomputer, valued at almost £800,000, from HONEY. WELL. The DPS 8/49 will replace a Honeywell Level 66 computer which was installed in 1980 and is now running at fall capacity. The new DPS 8 will be used for work associated with finance, rates, revenues, social services and personnel end will provide full on-line database services to all departments.

REF LASERS INC (part of United Scientific's US subsidiary Optic Electronic Corp) has been Optic Electronic Corp) has been selected to build an eyesafe laser rangefinder system for training use by the US Army. KEI Laser Inc has been awarded a subcontract from Fairchild Weston Systems Inc to the value of US3685,000 (£459,000) to build the first 19 prototype systems for initial tests and field trials. The total programme which will be total programme, which will be funded incrementally, will total US\$10.5m (£7.05m) over the next four years. The eye-safe Erbium glass laser rangefinders use pro-The joiot company of Paterson Candy International and Norwest Holst will begin preliminary work in September, although the main contract will not start until early oext year. A further order is for a £1.Sm Territorial Army Volunteer Reserve Centre at Christopher Thompson, a non-executive director. Mr Thompson is chairmao of Wynn Electronics, a board member of Barclays in Birmingham, G. 7. (Japaq), and Saraswati, India.

The joiot company of Paterson Candy International and Norwest Holst will begin preliminary preliminary work in September, although the main contract will not start until early oext year. A further order is for a £1.Sm Territorial Army Volunteer Reserve Centre at Cwmbran in Gwent.

\*\*JOHN SUTCLIFFE & SON (HOLDINGS1 has elected Mr Curistopher Thompson, a non-executive director. Mr Thompson is chairmao of Wynn Electronics, a board member of Barclays in Birmingham, G. 7. (Japaq), and Saraswati, India.

\*\*GONSTRUCTION has won a contract, form the larger, al £44m, is for installation of the Infrastructure to the Capability Green Busioess Park off Airport Way; near junction is network systems as part of the provided.

\*\*Gonstruction of the lord of the infrastructure to the four-year programme, a intal of 1,012 units will be provided.

# CIVIL ENGINEERING

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

the independent airline, plans to ing director, said: We are confident launch a service between Gatwick thal an April 1 start date is realistic.

The airline said yesterday that Governments have accepted the

progress in talks between the UK principles of more flight frequen-

the two countries bad been suffi-cient for BCal to plan firmly for the open for BCal to eoter the market."

# FT COMMERCIAL LAW REPORTS

# The slow-running tap

By Joan Gray, Construction Correspondent

TWO OF Britain's biggest construction companies, John Laing and Trafalgar House, are forming alliances with French contractors to tackle what they hope will be a growing market for providing private water treatment services.

John Laing is setting up Its new husiness, Water Services, with Lyonnaise des Eaux; Traialgar House has formed a new company, called Cementa-tion Saur Water Development, with Bouygues, the French group which claims to be the world's largest construction company.

The moves are part of the diversification by some UK contractors because of the dwind-ling workload in their traditional civil engineering business, with its heavy dependence on public sector spending.

As John Laing's chairman, Mr Martin Laing, puts it: "You can't just keep on digging holes in the ground if you want to

Laing's water services com-pany is still in its earliest stages, and has still to announce its first contracts.

It was aiming to provide water trealment services after the privatisation of Britain's water authorities. The authoritics spend a total of £867m a year on capital works, with £278m going to water supply and £434m to sewage treatment.

But Laing's plans have been checked by the Government's surprise decision last month to posipone water privatisation until after the next election.

"The idea was that we would delay privatisation. have been able to tender to provide the water authorities when privatisation was on the with a more competitive and way, so we will be operating in less costly service by building a very different environment." and operating new waterworks or pumping stations for them after they were privatised," says Mr John Allen, John Laing's director of services.

"We have been trying lo build up the company and make contacts for a year, but have been hindered by the debate over privatisation."

Mr Alan Ure, the Trafalgar House deputy managing director who is responsible for setling up its water company, is also having to rethink his plans.

"I can't speak about specific ousiness is so very sensitive," oc says. "The water industry



John Laing's Holdenhurst water station, near Bournemouth

is in a state of flux at the Saur's experience in designing

"We started talking to Saur

Cementation and Saur came together largely as a result of the strong personal liking which sprang up between the heads of their two parent companies during the negotiations over who was to build the fixed Channel crossing.

Mr Francis Bouygues and Sir Nigel Broackes, both ebullient self-made men, were in opposing groups when bidding for
the Chanuei project. But they
decided they would like to work
together in future, and Cementation Saur Water Development projects because the whole is the first fruit of this decision to co-operate.
Cementation Saur combines

moment with everybody going and operating waterworks with round in circles as a result of the Government's decision to delay privatisation.

and operating waterworks with Cementation's experience in building them. It will offer package deals to design, build, and operate water and sewage

> A key element in the package will be tae ability to provide £100m a year company on con-tracts in the UK and overseas.

He is expecting international work to become the major part of his business, citing as the size of his market "the World Bank's estimate that £250bn is required for guaranteeing good water supply to everyone in the world, compared with a current expenditure of only fabn a year on water in the Third World."

Africa and India will be his first targets in the search for overseas work, together with the

As for Britaio, he is cur-rently rethinking his strategy. "We hope the enterprise will be just as viable even if the water authorities are not privatised," he says.

"It may even be more viable because our package deal, including financing the works, could be more attractive to public authorities than to private authorities which might prefer to raise their own money."

An example of the problems the contractors face in trying to work for an industry with an unsettled future is provided by the Anglian Water Authority's £20m Flag Fen sewage treat-ment works at Peterborough in Cambridgeshire.

This wes the first time a water authority had asked private-sector contractors to bid for designing, financing, building operating a new sewago works in Britain.

It was an idea about which it was very "excited." says Mr Bernard Henderson, the AWA chairman. "But the innovative concept of the scheme has had to be changed."

The stumbling block was the complexity of the financial arrangements stretching over the 25 years of the suggested agreement, coupled with an indication from the Government that the cost could count against the Anglian's normal borrowings for capital projects.

"The authority's board was very disappointed that the scheme had to be chaneed," says Mr Henderson. "But the immensely involved issues of financing forced us to change

The Flag Fen works will be going ahead-but as a convenfinance for projects, says Mr tionally financed project paid Ure. He is hoping to build up a for from the authority's usual public sector funds.

Terms are now being negotiated with Ames Crosla Babcock, the Lancashire contractor which was selected in the original bid which included financing the works.

Ames has been building sewage treatment works since the turn of the century. It, with the other contractors who bid, including Laing's Water Services, had all "enllusiastically" approached the chance to do it a different way.

# Digest of Trinity Term cases

FROM JUNE 27 TO JULY 23 1986

In order to circumvent a possible restrictive covenant with a third party, Mr Gensale

arranged for his wife to bold all his shares and to be director in his stead in a corporate venture which he entered into with three other directors. After subse-quent disagreements, Mr Gen-sale's employment with the company and his wife's directorsblp were terminated. In allowing a more terminated. In allowing a motion to strike out Mr Gen-sale's name from a petition alleging "prejudiclal conduct" under section 459 of the Companies Act 1985, Mr Justice Hoffmano stated that Mr Gensale had no locus standi to petition as his name was never entered in the register of members, and there was no agreement between the company and Mr Gensale for the latter to become a shareholder which equity could treat as

Re Posgete & Denhy (Agen-cies) Ltd (FT, July 1) The balance of convenience was heavily against granting an injunction to Mr Posgate to prevent a sale of the three active underwriting syndicates of a former Lloyd's underwriting agency, Mr Justice Hoffmann stated, because of the risk of contains irranarable harm to the causing irreparable harm to the company and its shareholders. Furthermore, the relief sought was an injunction to restrain the sales until "approved by a majority of the shareholders." The articles did not entitle the sbareholders to vote. It was thus impossible for the court to superimpose an obligation of "fairness" that involved seeking their prior approval for the disposal of the company's assets. Shansher Jute Mills Ltd v Setbia London Ltd (FT, July 2)

Under an f.o.b. contract for the sale of jute yern, to be paid for by irrevocable letter of credit, the huyers were "to remain responsible for payment of the full value of the goods"

In re Mossmain Ltd (FT, June Goddard and Another v Nationwide Building Society (FT,
In order to circumvent a July 4)

Goddard and Another v Nationexercised in the absence of interest, it was inconceivable
fraud. There was no relevant that the Lands Tribunal was not
distinction between a bank intended to have a similar. In order to finance the pur-

In order to finance the purchase of their house, the plaintiffs raised a loan with Nationwide. The same solicitor acted for both parties. In subsequent proceedings for negligence against Nationwide the plaintiffs sought to strike out the contents of a note from Nationwide's defence in the solicitor's possession, on the grounds that it was privileged. The Court of Appeal, in allow-The Court of Appeal, in allowing the appeal, held that if a litigant bad in his possession copies of privileged documents he might use such copies as evidence in his litigation. However, if he had not yet used the copies in that way, the fact that he intended to do so was no enswer to a claim against him to deliver them up or to restrain him from making use of them.

Tradax Ocean Transportation SA v Pagnan SpA (FT, Jnly g) A contract for the sale of Thai tapioca pellets on a Gafta form specified that the sellers were "to provide for an export certificate." As a result of aubsequent intervention by the Thai Government, the sellers were unable to supply the requisite certificate. Mr Justice Steyn. in upholding a Gafta Steyn, in upholding a Gafta Board of Appeal decision that the sellers were not liable to the buyers in damages, stated that the special condition, pro-perly construed, imposed an absolute obligation on the sellers to obtain an export certificate. However, Clause 19 of the form stated in the event of the form stated in the event of a legislative act restricting export "this contract... shall be cancelled." The question whether the sellers were excused by the provisions of the clause was one of fact. The Board of Appeal bad answered it in favour of the sellers.

Continental Illinois National Bank and Trust Company of ment. Chicago v Papanicolaou (FT, Knibb

of the full value of the goods" (per clause 13 of the terms and conditions of the Bangladesh Jute Mills Association). The decements presented by the sellers contained discrepancies which the buyers refused to accept and they thereupon reversed the credit given to the sellers under reserve. In rejecting the sellers claim to recover the price directly from the buyers. Mr Justice Bingham said thet if a seller failed to obtain payment because he did not present the documents which the terms of the credit required, the buyer was discluraged and clause 13 of the BJMA did not alter that result.

The defendants in an action for summary judgment under a personal guarantee bad undertaken to pay the plaintiff bank, in the event of default of the principal debtors, free from "set-off or counterclaim whatsoever." At first instance, the defendants were refused unconditional leave to defend the time that the bank was negligent in underselling certain vessels belonging to the principal debtors. In removing the stay, which the terms of the credit required, the buyer was discluraged and clause 13 of the BJMA did not alter that result. The defendants in an action

guarantee and a personal guarantee in the present case. The purpose of both was to ensure immediate payment if that the principal debtor failed to arose, meet his obligations.

Lusograin Commercio Inter-nacional de Cereas Limitada v Bunge AG (FT, July 11)

Although a contract for the Although a contract for the sate of wheat expressly provided for shipment in March 1993, the buyers were entitled to an extension of up to 60 days. The buyers were also to give at least 15 days' notice of readiness of the ship to load. In a dispute over the date at which damages against the buyers were to be against the buyers were to be assessed for their failure to give notice of readiness, after having received a 60-day extension, Mr Justice Staughton said that although the buyers were in default before the end of the sbipment period, the sellers were entitled to opt for certainty hy waiting until the end of that period and to have the damages assessed on that date. Bank of Baroda v Penessar (FT, July 15)

When the defendants' com-panies exceeded their over-drafts to the extent that the plaintiff bank decided to act on its debenture and appoint a receiver, the hank issued demand notices which called for "all moneys due." No reference was made to the actual amounts involved. The receiver was appointed about an hour after the receint of the demand notices. Mr Justice Walton refused to uphold the defendants' contention that it was essential to the validity of the essential to the valldity of the notice that it specify the amount of the deht. Moreover, sufficient time for compliance with the demand had elapsed before the receiver's appoint-

Knibh v National Coal Board (FT, July 16, International edition, July 18)

power. Moreover, on the wording of the 1957 Act, interest was to he awarded from the date that the right to compensation

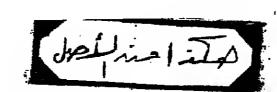
In re EVIR Ltd (FT, July 18) Mr Barber, who won £250,000 nn a premium bond, agreed to help EVTR, which was in finan-cial difficulties, by buying equipment and leasing it to the company. Thereafter, bowever, he signed an authorisation releasing £60,000. already held in a special account of a company. set up to acquire EVTR's share-holding "for the sole purpose of buying new equipment." The purchase was made but on purchase was made but, on EVTR going into receivership, the seller repaid the sum and took back the equipment. In rejecting Mr Barher's claim that the money was held on trust for him and was not a company asset, Mr Michael Wheeter QC, a deputy High Court judge, stated that once the company had purchased the equipment, Mr Barber's primary designated purpose had been carried out so no question of a trust ettaching to the money in his favour could arise. The trust concept could

not be revived merely because the purchase subsequently fell through. Aswan Engineering Establishment Co v Lupdine Ltd & Co (FT, July 23)

Aswan bought a waterproofing compound, manufactured by Lupdine, for sbipment to Kuwalt. The compound was packed in plastic palts which were manufactured end supplied by Thurgar. The pails, stacked bigh in containers, collapsed in the heet of the Kuwaiti quayside. In rejecting Lupdine's claim that Thurgar had sold goods that were not of "merchantable quality," the Court of Appeal beld that sec-tion 14 of the Sale of Goods Art 1979 had not introduced e change in definition of the law as developed aince the 1893 Act. Goods did not have to be suitable for every purpose within a range of purposes as Lupdine contended. Moreover Thurgar was not liable to Aswan in tort as the type of damege and the condition in which it occurred were outside the renge of what

was reasonably foresecable. The first part of this digest appeared yesterday. It will be cooringed on Triday.

By Aviva Golden



**British Steel** control quality

with Husky

Find out why on

tivity gains between 1.5:1 and 5:1 have been achieved and ingersoil says that four or five design options can be produced in the time previously taken to draw one manually. The company to

manually. The company re-cently diversified from stand-

alone pump manufacture to complete systems of pumps, pipes, controls and mounts and these loo, can be solid-modelled in colour.

**Networks** 

### **TECHNOLOGY**

Competition is hotting up in the market for electronic airline reservation systems reports Jane

# Travel agents find computers just the ticket

PATRICK WALSH was beside according to Nigel Steele. ABC himself with excitement. That very morning the travel agent on Loodon's Ludgate Hill had received instructions giving him access to on electronic airline information service. It showed special. Unforthaminate discussions was first offered last year, and now "several thousand" UK travel agents tap into it daily, if airline deregulation also goes through in Europe, notes John Barkle, director for information service. It showed

York, the suitable destination for the transatientic part of the flight, and then Syracuse.

Several fares flashed on to the screen. The lowest offered by

information service. It showed special, up-to-the-minnte discounted feres with a variety of carriers in hundreds of locations. He was anxious to demonstrate the system.

"London to Syracuse, New York?" he asked, turning to his screen. He called up New York, the suitable destination for the transationtic part of the suitable destination.

The UK market is dominated by Travel Automation Services, known as Travicom, and owned 82 per cent by British Airways. screen. The lowest offered by Fiedmont for thot August day

Piedmont for thot August day

Last autumn and this spring,

to \$76 listed in the ABC World

Guide, published monthly.

"I can provide a much better

service," says Walsh, sales

manager at Walsh International

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minths ego. "Without this, I would have to phone around to many airlines: and beg for the information."

The fare information service used by Walsh is provided by ABC Electronic and is an electronic version of its World Guide. ABC's service is npdated says. But, it is now 'virtually, and sometimes daily, and sometimes daily a

if airline deregulation also goes through in Europe, notes John Birkle, director for information services at Thomas Cook Group, the British travel company, 'The

more deregulation comes in, the more information agents need to shop around for the best price," he says. As Walsh of Walsh Inter-notional explains, reservations systems grew up around national airline carriers, and typically favoured flights of the national company. A customer can wind up paying unnecessarily high fares for local connections. US com-

regional manager for American Airlines' service, called Sabre.

'National carriers in Europ "National carriers in Europe have reacted to protect their own interests," says John Packer, regional automation manager, Europe for United Airlines. But with a target market in Europe of 12,500 travel agents holding Inter-national Airline Travel Asso-ciation (IATA) approval, he is offering new features for his Apollo system to try to lure

In e joint project with Inter-national Business Machines, United is developing a management and accounting feature for the Apollo system, he says. The new product is intended mainly for agents specialising in corporate accounts, and is to be available by the end of this

In one use, information about e particular business customer. botcls and other details, could be stored and called up instantly each time the customer books. Also, e computer at the travel agent's pre-mises could be connected to one at the customer's offices through telephone lines, allowing an agent to transmit information and ltineraries electronically.

"That's the sort of thing the Americans are very good at,"

THE BOOKING TAKES ONLY 5 SECONDS, SIR -GETTING YOU TO HEATHROW TAKES JUST A LITTLE LONGER

says John Walsh, managing director of Walsh International Travel. "If somebody travels regularly on the same flight, you can get an instant, 5-second booking. You key in the date, call up the passenger record and everything else is exactly as you know the client wents it."

Feced with competition,
Travicom reduced the rates it
charges Instead of

charging each user a flat fee, charges will be based on the number of sales made through the system explains Ray Grainger, Travicom managing director. He saya the company is also developing a "President" service for storing client pro-

Using British Telecom's Prestel service, for instance, they can access a buge range of tour operators. According

VOICE MESSAGING by radio

has heen introduced hy

securicor, one of the UK's two providers of cellular telephone service.

When users ere away from their vehicles, incoming radiotelephone calls are redirected to a central terms unit and the cellus in

storage unit and the caller is asked to record a message

to Cox, about 85 per cent of holidays operated by Thomson the British travel agent are now booked through videotext. To the Walsh hrothers, com-

petitive pressures leeve them no choice but to automate. "We have to be plugged in," says
Patrick Walsh. Despite costs
— he peys \$250 annually for
eccess to ABC — "this is what you have to do if you are a small independent ageocy."

production have been announced by International

Robomation/Intelligence, the

Californian company with a UK subsidiary in Solihnii, West Midlands (05645 2054).

system processes pictures from cameras a whole frame

at a time rather than line by line, Using an optional array co-processor capable of 40 MIPS (millions of instruc-

tions per second), objects, or

visual features of objects can be recognised at high speed. Bottles for example, could be inspected at 300 per minute.

Quantity price, with 40 MIPS co-processor, is under

PUMP DESIGN has been reduced from weeks to days at

Ingersoll Rand in Gateshead, UK, where the engineers are

using a computer-aided design (CAD) system from Applicon,

a Schlumberger company, to generate solid models on

Designated VM256, the IRI

are getting wider WIDE AREA networks (WANs) are set to double in number in Western Europe between now and 1992 accord-

ing to Logica, the Londou-based software systems house. The UK will account for about 25 per cent of them. WANs can be set up by com-panies using proprietary software and hardware to allow their locations, and perhaps suppliers' and customers' locations to be linked np, over wide geographical areas.
using local and remote PTT

facilities.
The subject is studied in "Wide Area Network Mar-kets" from Logica, which looks at market size and growth, user needs, the infinence of the PITs and the market opportunities.

The study also predicts that ISDN (integrated services digital networks), the co-ordinated moves by the PTTs to offer speech, data and video transmission over the new digitat phone networks, will "significantly impact" the WAN market. More on 01-637 9111.

NEW ROBOTICS seftware allowing animated simulation of multiple and interactive robot work cells on screen keyboard units has been released by McDonnell Douglas Information Systems. The latest machines can be simulated and the company says it can now match the needs of the world's 60 most widely used robots. More from the UK subsidiary in Woking, on 04862 26761.

# In search of the foolproof bank card

To the bolders of

Niagara Mohawk Finance N.V.

17% Gunranteed Notes Due 1989

Notice is hereby given pursuant to Section 3.07 of the Indanture dated as of September I, 1981 between Niagara Mohawk Finance N.V. and Credit Lyonnais, as Guarantor, and Manafacturers Hanover Trust Company, as Trustee, that all of the outstanding 17% Guaranteed Notes Due 1968 of Niagara Mohawk Finance N.V. (the "Notes") have been called for redemption on September 15, 1986 (the "Redemption N.V. (the "Notes") have been called for redemption on September 15, 1986 (the "Redemption P.V. (the "Notes") have been radied for redemption Price plus accrued interest to the Redemption Date. Payment of the Redemption Price plus accrued interest to the Redemption Date will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payment will be made by a check drawn on Manufacturers Hanover Trust Company in New York City of a transfer to a dollar account maintained by the payer with a bank in New York City.

The Redemption Price of \$1,000 per \$1,000 Note shall become due and payable upon surrensier of the Notes (a) at the Corptarate Trust Office of Manufacturers Hanover Trust Company, either at 130 John Street, Street Level, New York, New York, if by hand or to Cospon Paying Department, P.O. Box 2562, G.P.O. Station, New York, New York (1016, if by mail or b) subject to any laws or regulations applicable thereto in the country of any of the following offices: at the main offices of Manufacturers Hanover Trust Company in London, Frankfurt Main and Zurich, of Banque Bruselles Lambert in Brussels, of Banque Nationale de Paris in Paris, and of Banque Bruselles Lambert in Brussels, of Banque Nationale de Paris in Paris, and of Banque Gerrale du Lamembourg S.A. in Laxembourg.

Notes survendered for redemption should have attached all numatured compans appurtmant thereto. Coupons due September 15, 1936, should be detached and collected in the usual manner. From and after September 15, 1936, should be detached and collected in the to

Notes, Witholding of 20% of gross redemption proceeds of any psyment made within the United States is required by the Interest and Dividend The Compliance Act of 1883 unless the Psying Agent has the correct taxpayer identification number (social security or employer identification number to avoid the imposition of the 25% withholding tax please furnish a property completed Form W-9 or excemption certificate, (Form W-8) or excempted then presenting your securities. Not-resident alices are not generally subject to the withholding requirement; Form W-8 may be used to certify one's non-resident alices status.

Niagara Mohawk Finance N.V. By: Manufacturers Hanover Trust Co

BANK CARDS could be made BANK CARDS could be made much more secure according to Grazebroek Laboratories, a small company at Farnham Common, Buckinghamshire, UK (02814 3187).

The idea is to have a cheap, thin keyboard and a liquid crystal character display embedded in the card. The card carries as signature and in the shop, all the cheque writer has to do is remember his personal identification number (FIN). He enters this

on the keyboard and intelli-gence in the eard responds by showing the bank card number on the screen. Only the correct PIN followed by "enter" will produce the number. Incorrect entries produce nothing at all,

so that the shopkecper can

1

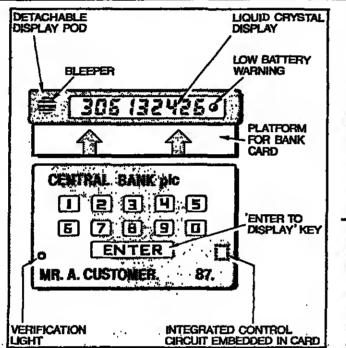
attempts before "FAIL" appears in the window.

In practice, the card would have to be in two parts, a simple plastic card bearing a flush keypad and magnetic stripe to make it machine readable for other purposes, together with the LCD display in a separate pod into

together with the LCD dis-play in a separate pod into which the card plugs.

Although the "card" would cost more than present designs, the reduction in cheque card frand would make it viable says Graze-brook.

Grazebrook Laboratories idea for a more secure bank card with built-in liquid crystal display



### **Facsimile** multiplies

FAX INSTALLATIONS have multiplied noticeably in the UK. In the first half of this year they exceeded 29,000—about the same as for the whole of 1985, according to the British Facsimile Industry Consultative Worldwide o total of 2m tcrminals are now installed (60,000 in the UK). Many are Group 3 machines which are fast and easy to use.

LASER PRINTING at 750,000 pages a month is the market segment aimed at by Rank Xerox's new model 4050. Intended for medium sized, centralised data centres, the machine has the same facilities as Xerox's big 9700 and 8700 printers and can com municate over Ethernet local networks. Rank Xerox in the UK is on 0895 51133.

### On their return, users ring the "Voicebank" number to have any messages played WORTH

Voicebank can also be linked to British Telecom's radiopaging systems so that when a message is left, the recipient's pager "bleeps" immediately to alert him. More on 01-689 2144.

WATCHING

VISION SYSTEM modules for equipment makers to build into their own automation systems for high volume

It is claimed that produc-

IS PROPOSING TO PUBLISH A SURVEY ON

**FINANCIAL TIMES** 

**NORTHERN IRELAND** 

> **PUBLICATION DATE:** OCTOBER 27th 1986

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

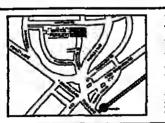
The contect, size and publication detes of Surveys in the Fioancial Times are subject to change at the discretion of the Editor

# Residential Property

# Invest in a 5-bedroom Wates house in Purley.

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DRIVING west along the M27 motorway towards Southampton, the plant appears as a monument to modernity: white, mid-1970s at one end, blind windows; then at the opposite end, stark black, an early 1980s additioo, with staff visible inside, scurrying, glimpsed through the opaque windows. Standing on land reclaimed from the sea. flanked by ornamental lakes, this is North Harbour, just above Portsmouth. It is the UK headquarters of the world's largest computer company, IBM.

Inside, the theme of ultramodernism is continued — lots of green plants, light tiles, a sense of purposefulness, of confidence. Access for all staff to different parts of the building is by plastic security card; inserted into a wall-mounted reader, it opens the door. The staff restaurant is single-status. and everyone eats there. Over-looking one of the decorative

industry like a colossus. "No lts development laboratory at one ever got fired for buyin? an Hursley, near Winchester, is one IBM" is an industry truism — of the company's largest ontside IBM" is an industry truism — of the company's largest ontside and one which has seen off many of its company's largest ontside the US. of its competitiors. In every sector of the industry in which it operates - mainframes, stor-

lower earnings than previously, reflecting the limited fallback in the US high-tech industries, though its fourth quarter results improved markedly, with a 23.4 per cent rise in net income evidence of a cautious but sustained upturn in high-tecb. "The industry went through a tough time in 1985," said Tony Cleaver, chief executive of IBM (UK), at the beginning of 1986. "It has come out of that period with a better understanding of what has to be done to ensure growth in the future."

In the UK, IBM now employs more than 18,000 people in about 40 locations-manufacturabout 40 locations—maintractur-ing, sales, and service sites. A multinational, the company is acutely aware of international differences, as Kap Cassani, chairman IBM Europe/Middle East/Africa, told an OECD conference in Paris in November 1985: "In Europe in certain chroles there is still an antagonism to business, particularly small business, as a respectable pursuit for able minds. No such small business, as a respectable time for theories, even prac-pursuit for able minds. No such stigma exists across the Atlantic. labour, a complex combination

Industrial relations

# IBM does it its own way

Philip Bassett, in another extract from his book\*, explains, today, why the computer giant has no unions and, on Friday, its alternative solution

pools, it serves—very efficiently
—four main courses each day.
It is all remioiscent of the new.
high-tech Habitat. Sleek.
groomed, North Harbour bas for instance, is carried out at the feel of success — and no is Greenock plant. In Scotland's Silicon Claratte. IBM bestrides the computer in the UK, established in 1951. Its development laboratory in the UK established in 1951.

IBM (UK) is successful, too: its profits for 1985 were np by 60 per cent, to £308m, in a year it operates — mainframes, storage devices, personal computers, electronic typewriters — it dominates, clustering parasitic companies around it, and allowing others to plug the few boles it has left.

In the first three quarters of 1985, the company reported lower earnings than previously.

60 per cent, to £308m, in a year when the company worldwide was struggling. Its turnover rose by 30 per cent to £3.04bn, considerably bigber than any of IBM's other European operations. Cleaver says: "I believe that, today, IBM bas a greater growth potential in the UK than in almost any other country." Growth the company has already seen — in revenoe, in exports, in profits. It has seen, too, a remarkable growth in employment.

In 1984 its recruitment of 1,744 new employees was nearly double the 1983 figure, and the bigbest for 10 years; the 363 new graduates taken on was the bigbest number ever in one

Employment bas risen less sharply than it did during the extraordinary acceleration in the heady days of the late 1960s, though its growth is startling at a time when employment generally is falling. Of its workforce, by far the largest proportion (almost 95 per ceot) are full-time, permanent employees; another 3 per cent or so are proanother 3 per cent or so are nn assignment overseas, with just over I per cent on secondment, maternity leave, or otherwise deemed to be inactive, and a little more than that part-time.

Senior managers have little

Europe's greater social of full-time and temporary stability may be enviable, but workers. The company's age today's unemployment may be range is higher than some in too high a price for it, and that the electronics industry: the stability is itself now threateoed."

Nevertheless, the company's
commitment to the UK is considerable. Manufacture for the
whole of Europe of its highly
successful personal computer.

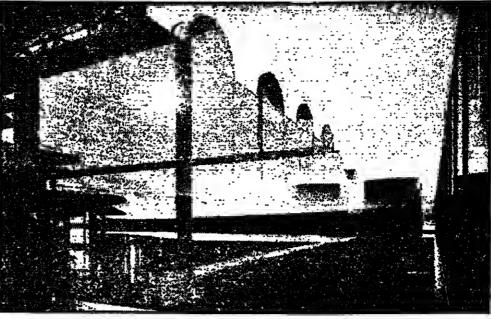
The largest partial (38 per

The largest portion (38 per cent) work in marketing and services, with 27 per cent in is relatively high, with well over

is relatively high, with well over half earning more than £10,000 a year by the beginning of 1985. Most employees stay with the company: average labour turnover in IBM has stood for some years at about 2.5 per cent; the concept of an "IBM-er" (significantly not an amployee who concept of an "IBM-er" (signifi-cantly, not an employee who identifies particularly strongly with the company, but simply an employee) is widely voiced in the company's sites. Almost a third of all UK employeea have been with IBM for more than 15 years; the average length of service is 113 years. That kind of satisfaction with the company is reflected in

other ways too. As a memo-randum from the company put it in early 1985: "The company has never lost a single day's bas never lost a single day s production through disputes." IBM does not bave strikes. "Since IBM United Kingdom was founded in 1951," it says, was founded in 1951," It says,
"there have been no strikes or
lay-offs in the company. Much
of this success is due to IBM's
bellef in respect for the
individual."

One aspect of that philosophy is that IBM does not recognise trade unions. It is widely seen by union activists as an anti-union company. Even senior officials of the EETPU, the UK union rated most highly, indeed



IBM's UK headquarters: a mon

You bave the right, if you so desire, to be a member of any trade union you choose and if you are a member of a trade union you have the right at the appropriate times to take part in the activities of the union, to seek appointment or election as an official of that union, and if appointed or elected to hold office. You also have the right, if you so desire, not to be a member of a trade union or other organisation of workers."

What that is not specific about is that the company in the UK does not recognise unions for collective bargaioing purposes. Implicitly, IBM sees in the concept of unionisation the assumption that the interests of the employed would inevitably be neglected by the employer in the absence of trade union representation. IBM does not accept this, arguing instead that its record shows that it is possible for a company to be successful, to be managed successfully, and for its employees' best interests to be a central part of that. Overall, it maintains that it does not recognise unions because its employees do not want it to.

That has only been tested once—but the results were so conclusive that the UK nnions now effectively do not consider IBM as a likely or possible area for recruitment. In 1977, under the statistics accomplished to the consider that the constitution of the constitutio the statutory recognition provi-sions then still in force under almost solely, by the company's sions then still in force under senior managers, charge that the Labour Government, the senior managers. charge that the Labour Government, the IBM institution service Acas was electronics companies there towards non-unionism, establishing a virtual anti-union fartel. But IBM insists that it is not anti-union; publicly, it is neutral, non-union. Its band-book for employees is specific:

the Labour Government, the IBM lists three beliefs as the essence of its corporate culture, that in leftnable but vitally important element of its make-up which, seolor managers testify, allows them to walk into any IBM site, anywhere in the world, and feel at bome.

granted as a way in to greater individual, service to the custrade union organisation excellence.

throughout the company.

ASTMS claimed 75 members there; the Acas survey found 27. The EETPU claimed 50 to 100; Acas found 7. AUEW and Tass between them claimed 500. Acas found 9 The Acas survey showed the level of trade unionism across the whole company. Given

that unions are not recognised by IBM, the fact that 99.2 per cent of those responding (a bigb response rate: 95.2 per cent of all employees) were not cent of all employees) were not in unions is perhaps not that surprising. But at that time, the high-water mark of postwar British trade unionism, throughout the company only 4.9 per cent (8.9 per cent at Greenock) wanted a union to bargain for them with the company; eveo among trade union members, about a quarter were members, about a quarter were against collective oargaining. Among non-union members, 91.1 per cent said they would not join a union even if IBM recognised it.

It is hardly surprising, then, that IBM should have maintained its policy of not sanctioning unions. That poticy runs deep: IBM refuses to recognise unions, not because of their potential refusers while her potential nuisance value, but because their collectivism runs wholiy counter to the com-pany's fundamentally individualist philosophy.

IBM lists three beliefs as the

Though these credos seem Japanese-like in their moral idealism, the IBM way—thnugh achieves the high standard performance and output racteristic of the Japanese. including Japanese companies in the UK-is the exact oppo-site of the Japanese method. Japanese companies, including those in the UK, forge a corporate whole through collectivism, made most obviously manifest in the rigorous sim larity of the uniforms which employees are required to wear. There are no uniforms at IBM; even the coffee served by machines in the North Harbour restaurant is individually

IBM managers proclaim with pride a long-standing, in-bouse description of the company's employees; "The biggest boy scout troop in the world." Precisely; the company and its employees are characterised by exactly that combination of individualist entrepreneurship within an overall corporate philosophy—and it is, crucially, a proselytising philosophy, too: IBM knows it has a message, a better way of doing things.

With near-boyish enthusiasm

"They are bappy with the company," says John Steele, director of personnel, of the company's employees, "happy with the environment and happy with the jobs that they do." \*Strike Free: New Indi rial Relations in Britain, by Philip Bassett. Macmillan, £10.95. Reprinted by permission of Macmillan, London. To be published on August 28.

# Second thoughts about subsidiaries

Laurie Ludwick warns of legal pitfalls

COMPANIES should avoid establishing subsidiaries unless the advantages to the corpora-tion as a whole make it absolutely necessary, says a report by the Institute of Directors.

The additional costs and responsibilities involved in running a subsidiary far outweigh any benefit derived from the corporate structure, par-ticularly if the subsidiary becomes insolvent, maintains the report.

And those holding companies with established subsidiaries should search for more compelling justification for maintaining them other than a wish to avoid the short term winding up costs. In the long term, states the IoD, a periodic spring clean of the corporate structure is a good idea, and any costs incurred a worthwhile short term investment.

According to the IoD gulde to hoardroom practice, the con-cept of "group liability"— which makes directors of parent companies liable for a portion of an insolvent subsidiary's losses—has emerged from recent UK legislation. The InD says the Insolvency Act 1985 may prevent a holding company from simply "walking away" from a subsidiary's bad debts.

Andrew Hutchinson, principal research executive at the IoD and author of the report, says the legal relationship which exists between a parent company and its subsidiaries has attracted great public criticism. The concept of

"limited liability" means subsidiary is an independent legal entity, and a holding company has no responsibility for the subsidiary's debts.

But the Insolvency Act has taken a significant step in making "group liability" the making group insuling the legal norm, says Hutchinson. Holding companies must now consider carefully the costly responsibilities in setting up a subsidiary, and appointing managers as their directors.

managers as their directors.

The Insolvency Act makes a director or former director of a company which has traded "wrongfully" liable for the debts of that company if it has gone into liquidation. But under the Act. a "shadow director"—a person whose instructions the directors of a company follow—can also liable for wrongful trading.

Therefore, a holding com-pany could be made liable to contribute to the subsidiary's debts if it withdrew its support after allowing the subsidiary to trade while it was technically

Given the nature of the legislation, the report warms indivi-duals to ignine the status-and remember the costs—assoand remember the costs—asso-ciated with accepting the title of "director," when deciding whether or not to join a substdiary company's board.

Guide to Boardroom Practice
No. 10, "Holding Companies
and Subsidiaries," available
from the Institute of Directors,
116 Pall Mall, London SWIY of 5ED, 63.95.

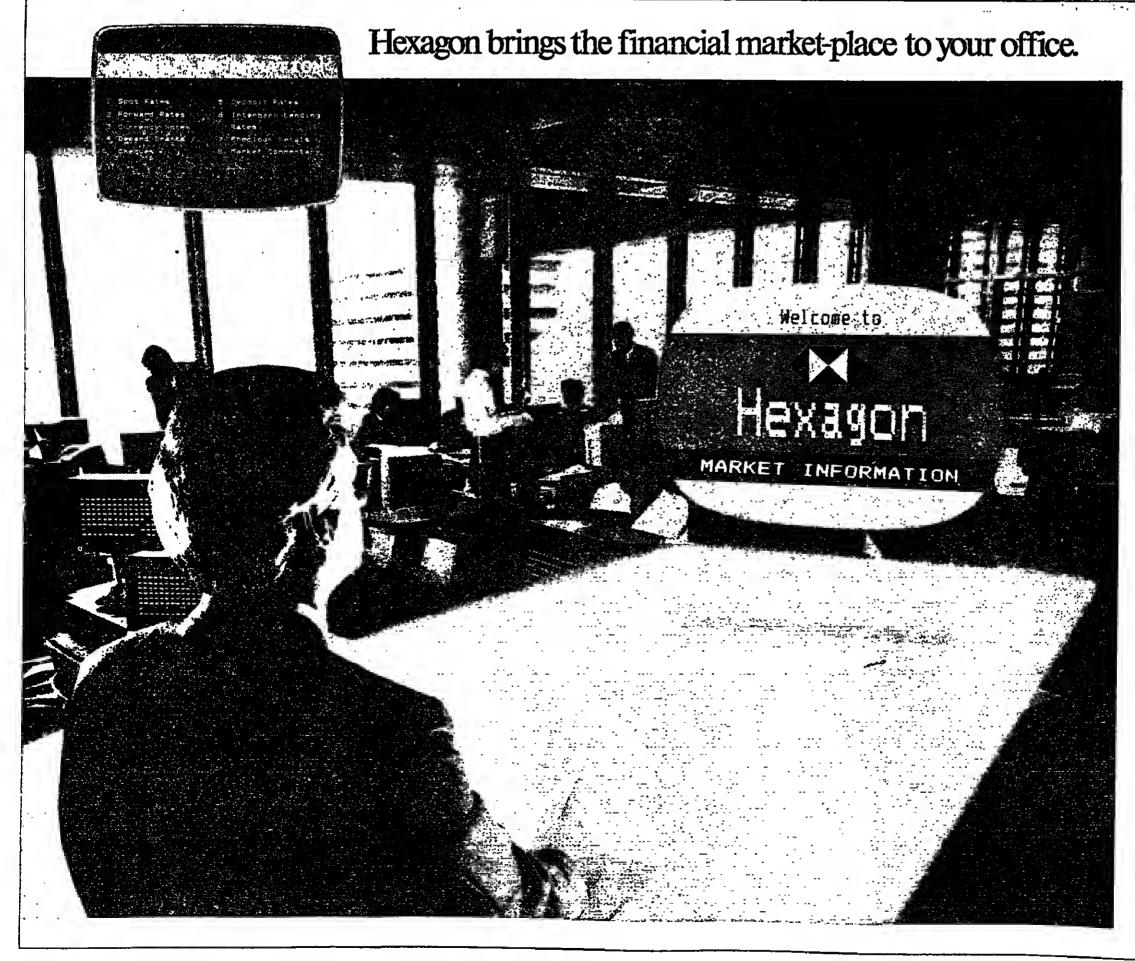
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## Le Martyre de Saint Sébastien/Salzburg Festival

#### **Max Loppert**

There are two Salzburg actors, and singers, in the service of Le Martyre de Saint vice of Le Martyre de Saint separation, they run concurrently, share the same facilities, and appear in a single programme list, but their aims differ very widely. The first is the me plus ultra of glossy international festivalism (if one of the things serious festivals do the abstraction) the

international festivalism (if one may coin the abstraction) the place where money-no-object musical and operatic events (many of them masterminded by Herbert von Karajan) are concocted for the most opulent sodience in the world; at the second, genuinzly festive artistic endeavour is the aim, sought out with commitment, care, and concern for the smallest detail.

In the Karajan era, the former festival has tended to outweigh the latter heavily. Now, as that era seems to be moving gently towards its close—even the conductor himself is rumqured to be talking (in vague terms) about a successor —a better balance is being restored between the two. This year, there was the usual quota of Luxus-cuffilhrungen: Karajan's massively inflated Carmen, Flosro and Flute in the Ponnells productions conducted by Levine, Capriccio with Tomova—But there were also two most and content of the things serious festivals do thest.

In 1911 Le Martyre had Ida Rubinstein in its title role, lasted at least five hours, aroused the disapproval of the Archbishop of Paris (who forhade believers to attend), and was a failure. Since theo, apart from rare stagings, the mystery play has survived in various forms of concert-hall compression, in which the speeches of the saint are excerpted and the instrumental and vocal numbers of this kind are vividly remembered).

Even in this form the work can still cause embarrassment, for D'Annunzio's text is suffocatingly overblown, blazoned with fin de siècle decadent fancies (and wearyingly given to repetition). Debussy himself deemed it a "noble text," for which he had provided "illustrations in sound and rhythms";

can still cause embarrassment, for D'Annunzio's text is suffocatingly overblown, blazoned with gandy images, dripping with fin de siècle decadent fancies (and wearyingly given to repetition). Debussy himself deemed it a "noble text," for which he had provided "illustrations of the side of the same of the trations in sound and rhythms"; But there were also two productions of the adventurous kied, performances that made the rest tolerable. The world premiere of Penderecki's third Martin Cooper, in his classic French Music, has written of "the combination of extreme, if veiled, carnality and theatrical religiosity" to which "not even the heauties of Debussy's choral writing can reconcile us."

opera, The Black Mask, followed in the recent Salzburg line of Cerha's Bual, Berio's Un re in ascotto, and Henze'a edition of Il ritorno d'Ulisse. It is an exclting work, with a leading performance of tremendous power by Josephine Barstow, and must have e second report in itself.

ing's super-sensitive direction it med at times to act almost as an actidote to the grossness of the words; above all it was the increased linear and harmonic refinement of the late Debussy that held the ear, the the performance was the music of martyrdom, so chaste and concentrated in expression (wonderfully pure singing of exposed entries by the Austrian choir) that it provided the experience with a pure central core. If Erik Satie's declared aim was "l'art dépouillé"—art stripped naked—nothing in Satie achieves that end more serenely then the best of Le serenely than the best of Le Mortyre.

The production Maurizio Balo) took place in a semi-circular arena, raised to hold the choral ranks. The vulgarity of modern touches such as the shiny American automobila bringing on the Emperor, was held at bay by the wit and speed which they were carried off; likewise, though much of Béjart's dance imagery is from his most common stock, it was put across with aufficient commitment to draw the sting performance of tremendous power by Josephine Barstow, and must have e second report to itself.

But possibly eveo more ooteworthy was the collaboration between Maurice Béjart (as choreographer and producer), the conductor Sylvain Cambres the Austriae Padio transfer of the Month of the sting of the strict of the sting of the strict of the sting of the creation of the sting of criticism. Eric Vu-An, nobly direct in word and movement, was the Schastian; the cast also included the excellent French be), in a truncated edition last actors Catherin Samie and dancers and singers who could the equisite singers Christine apeak without hitch or blush, the whole piece proved far more dramatically interesting than duction is chared with La Scalant (as the sting of criticism. Eric Vu-An, nobly direct in word and movement, was the Schastian; the cast also included the excellent French be), in a truncated edition last actors Catherin Samie and dancers and singers who could the equisite singers Christine apeak without hitch or blush, the value of the sting of criticism. Eric Vu-An, nobly direct in word and movement, was the Schastian; the cast also included the excellent French be), in a truncated edition last actors Catherin Samie and the equisite singers Christine apeak without hitch or blush, the whole piece proved far more dramatically interesting than duction is characteristics. ling, the Austriao Radio dramatically interesting than duction is shared with La Scala orchestra and chorus, and a one bad expected. The flesh of and Monnaie, and comes to large assembly of dancers, the libretto may be soft and Brussels this season.



Eric Vu-Ao and Didier Sandre

### Television/Antony Thorncroft

# Hostages to very different fortunes

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neatly into the script, for from all the energy generated by the cast there is a whiff of violence scarcely beneath the surface. The prisoners take it in turn to explain their incarceration; one is in for thieving, another for sleeping with his employer's white wife. But they join with the politicals in seeing just one solution to their troubles— bloody revolution. By using song and dance to intensity the amotions Asinamoli, (trans-lated as Nothing to Lose) makes

British agitprop look as anemic as alcohol free lager. Director Ross Devenish eliminates the broader view to keep the issue stark. Rarely have actors taken on the camera in close up so npenly; rarely has a political commitment been promoted so challengingly. The programme made its rarely has the white liberal conscience been so confronted by the seeming inevitability of shedding blood for the achievement of change. This was not specified and with responsibility for the seeming of change. This was not specified and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the stage at the end of the stage at the end of the season on Friday night. Sir George Christic undered a season of 73 performs and the stage at the end of the surface and the season of promoted so challengingly;
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to all intents and purposes, awakes from the dead many times a day, with the constant sbock of rediscovering his wife and surroundings. Naturally his response tends to be the same, a verbal lncantation of tetchy disbelief. Yet he results also a racist, although his belief in racial purity took some odd turns—he was particularly antagonistic to Germans: Scandinavians, in particular Scandinavians, in particular Scandinavian women with a penchant for punishment, were his pet love.

With such a same, and it was particularly antagonistic to Germans: Scandinavians, in particular scandinavians women with a penchant for punishment. With such a same, a verbal lncantation of tetchy disbelief. Yet he results and purposes, awakes from the dead many times a day, with the constant shock of rediscovering his memory. He now, some odd turns—he was particularly antagonistic to Germans: Scandinavians, in particular was particularly antagonistic to Germans: Scandinavians women with a penchant for punishment. The hero of the film was the Marquess of Bath who, like most aristocrats, is just a temporary janitor of the family estate, with all the worries of maintenance and few of the pleasures of extravagance: his soo spends his time entertaining Americans at Longleat so that the plcture frames can be registed.

Tesponse tends to be the same, a verbal lncantation of tetchy disbelief. Yet he retains his musical memory. Taken back to his old college, Clare, he tentatively eases the orgen into an anthem: later he wil have no memory of the event. His wife Deborah is obviously an angel, but even Jonathan Miller could offer little help or comfort in a personal tragedy of almost inegilded. personal tragedy of almost in-The villain was asset stripper comprehensible sadness.

Christopher Moran, who hopes to make £8m speculating on the Gideon Bible. He was shown knowing the price of everything composers to producing TV and the value of nothing, not commercials, for it was a very least tha name of the arrist who painted the picture he was buying to stock his Scottish man-biopic of the Australian composer, shown on ITV on Sunday oight in an ambitious produc-

With the hand of the censor clamping down oo the lens of the mews camera in South. Africa it is up to tha dramatist to report events in that smouldering country. Asimamuli, a BBC play by Mbongeni Ngema (of Wozu Albert fame) lionaires in the contry whose about five inmarks, in a, South African jail told you more about. The Royal Families in the crisis there than a bevy of the Pos, a rundown the crisis there than a bevy of the Pos, a rundown that offered little hope of a negotiated solution.

First produced in Johannesburg last year, Asimamali provoked controversy and rious—at one performance a mob burst into the theatre and killed the producer. It was the kind of incident that would have fitted neatly into the script, for from all the energy generated by the

was quite perverse in his scor- a morning mug of boiled water.

To meet audience demand sortileges and L'heure espagnol.

ing yet with our extra know-ledge of the man, the reason for his constant searching for novelty became comprehensible. l would have liked more about his folk song collecting adventures in the early years of the century (surely a fine subject for a lengthy TV programme) and more about the "new music" be devoted bis declining years to. Despite the gaps, and the tratilising question marks the tantalising question marks, The Noble Soroge managed to portray a most intriguing man through his music.

It is the glory of television can be casually laid out within hours. Just before Grainger and his search for Intense ex-perience the BBG interviewed With such a good story The John Evans who yesterday celeNohle Sarage could have been more direct. To a great extent it left the morbid psychology to the music, Simoo Rattle shining like a TV star in interview, pullike a TV star in interview. ting the City of Birmingham side Swansea with the clock Symphony Orchestra hriskly ticking away a life of small through its paces. And what pleasures and inner calm—hracing stuff it was: Crainger built on chapel, teetotalism, and

More performances at Glyndebourne in '87

the Glyndebourne Festival is planning seven additional performancea, and adding a sixth production, to its schedule in 1987. Announcing his plans from the stage at the end of the 1986 season on Friday night, Sir George Christie unveiled a season of 73 performances, and the new performances and the new performed at Clynde bourne. The director is Peter Hatt, the designer John Gunter, the three: the libration by the new performances and the new performed at Clynde bourne. The director is Peter Hatt, the designer John Gunter, the three: the libration of from Lo torture par l'espérance by the 19th-century French symbolist writer Villiers de l'Isle-Adam, and tells the story of e man imprisoned by the

### The Sleeping Beauty/Edinburgh Festival

#### Clement Crisp

The Sleeping Beouty is the most demanding of ballets, and Gusev. one of the leading any company presenting it figures of Soviet haltet as makes claim to all the resources dancer and producer, now in proper to this ultimate to the classic academic dance. There are—or there should he—no nncertainties as to text or style, or to manner of presentation; Petipa offers should also have to accept massive cuts in the action, including to text or style, or to manner of presentation; Petipa offers no hiding places for the insecure or the merely well-It is sad, then, to report that

Warsaw, making its debut at the Edinburgh Festival on Monday night, should have realised so little of the splendour of a work which, if it does not have splendour, has nothing. There may he extenuating circum-stances: the Playhouse has not much to recommend it as a frame for a production, and the need to accommodate a staging to unfamiliar touring conditions may explain something of the skimped air of the decoration and certain infelicities in performance. But even this cannot excuse the matter of the version iself, nor the manner of dance performance.

the Ballet of the Grand Theatre,

The ataging is by Pyotr the Grand Theatre Ballet go sive cuts in the action, including the excision of the hunt scence and the opening court sequence of the Prologue, as well as some insensitive musical and chorcographic truncations elsewhere. What we see, in fact, is an editing of the originat (which has been admirably documented by Professor R. J. Wiley in his recent Thoskorsky's Ballets) that denies dramatic logic and denies dramatic logic and,

From this first and major disadvantage, the Warsaw dancers cannot recover, in perfunctory design, with improbable scrims design, with improbable scrims to suggest the forest that hides the steeping Beauty; with a text that invokes the drama in text that invokes the drama in cursory fashion, the artists of the company. The production seemed an unwise calting card for a first visit.

through their paces with enthusiasm but little finesse. They do not manifest much refinement of classic style. With orchestral tempi generally slower than we are accustomed 10 (the Scottish Chamber Orchestra labours somewhat Orchestra labours somewhat under Bogdan Oledzki's haton). the cboreography has an emphatic and ponderous air, and I welcomed all the more the emotional brightness of Emil Wesolowski as a bold Carabosse, got up to look like Irving as Richard III. But this interprelation — and the four dignified suitors for Aurora in Act 1—apart. it cannot be said that apart, it cannot he said that Beouty is well treated by the company. Ewa Clowacka, the Aurora, seemed nervous and offered little of that radiant physical assurance that Petitpa worse still, the strong armature of Chaikovsky's score as frame-work for the glories of Petipa's demands, nor did her Prince, Mariusz Malecki, suggest any great ardour or physical verve.
There is no pleasure in reporting on this impoverished

### Tristan und Isolde/Bayreuth

is always going to be strong on

But in spite of some Improve-ment in recent years, the basic vocal deficiencies remain — the

#### Andrew Clark

Jean-Pierre Ponnelle and conducted by Daniel Barenboim has returned with major cast changes. The merits of the pro-duction Itself need not be rehearsed here in detail. It has always ranked as one of the most concentrated and flatter-ing examples of Ponnelle's most handsome Tristan since the war, and also the youngestmost concentrated and most concentrated and most concentrated and ing examples of Ponnelle's theatrical imagination, particularly in its prismatic illumination of the night-day axis and its ability to inliabli that other world of romantic oblivion from why he has been able to build such a huge career through live performance unaided by record-

and Barenhoim's far-sighted linear understanding of the score would be compensation for the casting weaknesses of most other Tristan performances—but this particular collection of singers needs few apologies. Of prime interest this year was Peter Hofmann's first externil at Tristan III he had to ttempt at Tristan. He had to face plenty of doubters (myself included), none of whom had been taken in by his part in the Bernstein recording, drawn an act at a time from three widely-

spaced concerts.

In the event his performance on stage at Bayreuth turned

After a two-year rest, the 1981 out to be much helter than ex-Bayreuth Festival production pected, given the qualification act was free of the shouting that Hofmann singing Wagner and embarrassing histrionics of and embarrassing histrionics of some better - established ex-looks and acting, weak on line and vocal beauty. Clad in a slim btack leather outfit and with a mane of dark brown bair, Hofmann is almost certainly the another matter.

Illness forced Jamine Alt meyer, this year's chosen isolde, to cancel after the first performance. Ingrld Bjoner deputised ance. Ingrld Bjoner deputised for the second, and Catarina Ligenza took over for the remainder. Miss Ligenza, returning to Bayreuth after an absence of almost 10 years, may no longer combine all the attributes of her younger colleagues — the absolute steadiness of Johanna Meier or Miss Altmour's avanage of religious apparent lack of a technique, at the climaxes—but she makes up amply with her audibility, her sense of timing and phrasformance the tessituru seemed uncomfortably high for him. The redeeming factor was his stamina, unexpected in a heldentenor who bas confined himself hitherto to the less demanding territory of Slegmund, Parsifal and Lohengrin. There was no noticeable pacing of the voice in the first two acts—"O sink hernieder" sounded Altmeyer's expanse of volume

### Berg & Dallapiccola/Albert Hall

### Dominic Gill

It was brave of the BBC to mate torture "-optimism and The soloists were all American present such a decisively "un-popular" programme of 20thpopular " programme of 20th-century music at Monday's Prom—and sad only to see the audience staying away in such predictable droves. It was a shared evening: the first part devoted to Berg's chamber concerto played by Lontano under their conductor Odaline de la Martinez and the second de la Martinez, and the second to a concert performance by the BBC Symphony Orchestra and Singers of Luigi Dallapiccola's

one-act opera II prigioniero.

Il Prigioniero is the centrepiece of a triptych of protest
works concerned with concepts

hope.
I'm not sure that one rushes to join Misha Donat in calling to one of the finest operas of our century" (why is it so difficult to champion good works without calling them great?)—hut it's an impressive mises well worth reciving and Aberton. piece, well worth reviving, and Atherton. contains a wealth of attractive and characteristic muaic. The Berg's Chamber Concerto had style is an original and engag-

ing cross-fertilisation (not with-out perceptible resonances of Berg) of 12-tone and traditional of wholeness and momentum. compensation.

Dale Diesing and William Cochran, as the Prisoner and

At the start of the evening, sky as piano and violin soloists
—both perfectly tuned to Miss
Martinez's gentle, warmly
lyrical direction. I found it an tonal techniques. The music lyrical direction. I found it an has an admirable consistency, immensely enjoyable reading; and the opera as a whole—it's just a shade sleepy at climaxes just as effective in concert as maybe, but of a clarity and on stage—an uncommon sense calm cohesion that gave ample

### Coppélia/Rome Opera Ballet

### Freda Pitt

from American Ballet Theatre has brought good fortune not onty to Royal Ballet audiences hut also, in extremis, to those of the Rome Opera Ballet. At the end of a season which it would be excessively polite to define as lack-lustre, both the company and the public enjoyed at last the opportunity to see

classical dancing at its best.
Coppelio was the last work,
and only hallet, offered during
a rather skimpy summer season
at the Baths of Caracalla.
The theatre is not a historic The theatre is not a historic one like the even larger arena at Verona and can therefore he moved etsewhere in the area. The large size of the stage and

auditorium (with chairs, not stone steps) makes it impossible for most of the audience to see the daocera features clearly. Since Coppelio con-tains a large number of mimed sequences, it is hardly suitable for such a setting.
On the night I attended at least, Carla Fracci withdrew at very short notice from the role

of Swanilda, to he replaced hy Ana Batafogo. This was a wise decision on Fracci'a part, for the role of Swanilda makes technical demands that she would have had great difficulty in meeting. Botafogo on the other hand—who danced with the Sadler's Wells Royal Ballet a year or two ago—is young, bright and light. She has a good rapport with Bujones (with whom she had alreedy appeared and Susan Penhaligoo star in in the work), ahe bas strong Richard Harris's new play The in the work), she has strong Richard Harris's new play The feet and e large, opeo style of Maintenance Mon, which opens dancing that fits in well with her partner's.

Richard Harris's new play The dancing that fits in well with her partner's.

September 1.

Enrique Martinez' production, which has been in and out of the Rome repertory for nearly

Fernando Bujones' departure pretative level Botafogo did not rise above it: she and Franz both remained cardboerd characters, like all the others. Piero Martelletta's caricatured nincompoop of a Coppellus was light yeers from Alexander Crant's well thought-out per-formance two evenings earlier formance two evenings earlier at the Royal Featival Hall.

Dr Coppelius can he a wonder-ful mimed role, even in a traditional production, and lt occurred to me how well Rudolf Nureyev could perform Rudolf Nureyev could perform it, rather than still attempting the juvenile lead as he did with London Festival Ballet. Watching Bujones airily (and aerially) clear Dr Coppélius' table and then (among his best moments) hound with long, high, stylishly executed leaps round the atage in Act 3, I could not help feeling that youth was an unreplaceable commodity here. On the other hand, when it On the other hand, when it came to the botched wedding

scene, I thought back nostalgically to Nureyev's much richer and more human characterisa-tion, so well matched by Lucia Truglia's delightful Swanilda, which is sadly nnknowo in her

Both Bujones and Botafogo would probably give less perfunctory interpretations in a real theatre.

"The Maintenance Man" at the Comedy John Alderton, Gwen Taylor

It is directed by Roger Clissold end designed by Tim Amsterdam, Carre Theatre. China's Peking Circus (ends Sun, matinees Sat, Sun). (225 225).

The Rome repertory for nearly Bickerton, with lighting by Roo Beattie.

Bill Kenwright proventional one, and at the inter-

# JB BLANCPAIN



Since 1735... And we still take time to make time

		). —					
SENEW	Baneit de Geski Bonie Chameoso Fecat	FRANKFURT MÜNCHEN	Fredich Waspe Hemmeda Wassing		Arten Successio Ceressio Fred		Cusi Fumi Gebbi Pisa Vergs L
ZÍMICH	Solar Fila & Sould Burds Guill		Menope Heber	FOHJON	Garrand Kenzhinsky	p.0	De Gre Fredvers
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•		DÜSSELDORF	Mempe Wempe			WEN	Habers Hijbner

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

### **Theatre**

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played oo kil-chen utensils has proved to be a du-rable Chicago hit. (935 6100).

Noh by Torchlight (Takagi Noh). A special treat in Tokyo's relentless summer heat is outdoor Nob perfor-mances by firelight, held in the evening cool at shrioes, offering a rare chance to experience Noh in its original outdoor setting. The effects of strategically-placed fire caskets are perfect for the other worldy atmosphere of Noh. Programmes include specially chilling ghost stories to alleviate summer beal - a Japa-pese tradition. The tiny pocket books, A Guide to Nob and Guide to Kyogen (available at hotel bookstores) give the plots. Very popular and usually held at weekends, see Tokyo papers for details. Book early to avoid disappointment.

### NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's praduction of T.S. Elhot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396252).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates genus

A Chorus Line (Shubert): The longestrunning musical ever in America
has oot only supported Joseph
Papp'a Public Theater for eight
years but also updated the musical
genre with its backstage story in
which the songs are used as auditions rather than emotions. (239 6200). Big River (O'Neill): Roger Miller's mu

sic rescues this sedentary version of riuck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220). The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dick-

ens classic is an ingenious musical with music-hall tunes where the aunience picks an ending. (239 6200). LONDON

The Normal Heart (Albery): Tom "Amadeus" Hulce is playing the crusad-ing hero of Larry Kramer's hysterical melodrama for e three-month season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 379 6565). La Cage Aux Folles (Palladium):

George Hearn a welcome star along side Denis Quilley in the transves tite show for all the family. Weal second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373 (CC) 734 8961).

## August 15-21

from the original film like Shuffle
Off To Buffalo with the appropriately brash and leggy hoofing by a
large chorus line. (977 9020).

A Chorus Line (Shubert): The longestrunning musical ever in America
has oot only supported Joseph
Papp'a Public Theater for eight

rick's tap-dancing extravaganza has been rapturously received. (838 6108). (636 6108).

Delliance (Lyttelton): Tom Stoppard's new version of Schnitzler's Liebelei is a crushing disappointment only partly redeemed by Brenda Blethyn as the ruined working girl. A theatricalised travesty of the work adds to the confusion of middle-aged actors playing bruish dravents in Parties.

tors playing boyish dragoons in Peter Wood's numbingly respectable production. (928 2252). production. (328 2252).
Startight Express (Apollo Victoria):
Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dispensional Star Wars and Carl are all neviand, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel.

No child is known to have asked for his money back. (834 6184). Noises Off (Savoy): The finniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

### **NETHERLANDS**

# **FINANCIAL TIMES**

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Wedneday August 20 1986

# Australia gets it right

the budget unveiled yesterday result of inappropriate domestic more than lived up to expectations and was as draconian as could have been wisbed. In present Government's ability to response to a terms-of-trade deterioration unparalleled since the Great Depression, Mr Paul Keating, the Treasurer, bas delivered Australia's most austere budget for 30 years. The deficit wanned for next year. deficit planned for next year wire represents a big reduction on to represents a big reduction on this year's ontturn and would have been unthinkable a few months ago. The fact that it is now thinkable is due io no small part to Mr Keating's trenchant efforts to awaken ordinary Australians to the aconomic facts of life.

The bope must be that the same domestic sacrifices announced yesterday will be enough to put a firm floor under the Australian dollar, which bas been in free fail agaiost both the yen and US dollar for much of the past 18 months. A sizeable decline was necessary in view of the collapse of Australia's export prices but the actual fall bas exceeded the actual fall bas exceeded what was dictated by fundamentals. Part of the problem was that the tough talk of "banana republics" and of "going the way of Argentina," tailored for domestic consumption, also scared the life out of foreign exchange markets.

#### Ungainly accord

view of Australiao prospects, always assuming that the budget measures and continued demonstrated incontrovertibly inforced by the budget-induced defaation of domestic demand and a possible improvement in commodity prices.

The danger account. In the longer term, the positive effects of depreciation will be reduced by the budget-induced defaation of domestic demand and a possible improvement in commodity prices.

The danger term, the positive effects of depreciation will be reduced by the budget-induced defaation of domestic demand and a possible improvement in commodity prices. the same time, markets have nothing to fear from a change of government: the opposition would, if anything, be imposing even tougher cuts. The only economic recipe on offer in Australia is austerity.

prices of virtually all of the tural produce - have simul- a Japan or South Korea.

international taneously declined. If the

that the Hawke Government, through its ingainly accord with the unions, has managed to depress real unit labour costs by more than 7 per cent since it took office early in 1983. The budget promises further real wage cuts this year and next; promises which, given the growing domestic sense of realism, will probably be delivered. In Britain over the same period, a bands-off approach to the labour market bas coincided with a rise of nearly 20 per ceot in real unit nearly 20 per ceot in real unit labour costs. This, in turn, has meant much bigher unemploy-ment than in Australia.

#### Positive effects

The third reason for optimism is that there are signs of a turnaround on the external account. The sbarp depreciation of the Australian dollar is already baving an impact: import volumes fell by more than 10 per cent at an annual rate in the first half of 1986. Owing to the J curve effect, tha volume improvement is not yet curbing improvement is not yet curbing the current account deficit but There are now several reasons it may begin to do so by the for taking a cautiously optimistic end of this financial year. The worst mistake financial markets could make would be to expect an impossibly swift adjustment wage restraint can be made to of the current account. In the stick. The first is that Mr Bob longer term, the positive effects

Hawke Government will regard its admirable fiscal retrenchment as a sufficient rather than a merely necessary response to the terms-of-trade collapse. The budget needs to be followed by a more vigorous deregulation of the industrial economy; this might just be easier to achieve The second reason for cautious optimism is that the debt build up and the widening of the current account deficit are largely the result of forces in the world economy quite heyood Australia's control. It is not Mr Hawke's fault that the present crisis has hrought home the danger of dependance on minerals and agriculture. Australia, however, cannot be blamed for relying on its natural resources any more than the UK can be blamed for exploiting North Sea country's exports — services as oil; nor can it be expected to well as minerals and agricultransform itself overnight into

# Gorbachev tests the West

MR MIKHAIL GORBACHEV sbare the Soviets' puzzlement, if knows the world is waiting with not their frustration. Perbaps it something approaching bated is that Pershings and cruise breath as to whether he will, or will not, meet President Reagan the nuclear stockpile hut once this year or early next year at deployed become part of the a summit. He also knows that European landscape. Perhaps it his much-vaunted unilateral is that people only feared above-moratorium on nuclear weapon ground tests that were banned testing by the Soviet Union for the past year has had, from the Soviet viewpoint, dismally little

now inbabits the Kremlin has decided to link the two issues more closely than are the two issues more closely than a the two issues more closely than are the two issues more closely than a th more closely than ever, by aonouncing a further sixmonth extension of bis uni-lateral test moratorium and giving Mr Reagan an 'bistoric opportunity' to sign a comprehensive test ban treaty at a summit this year. At the very least this must give the West, and the US, in particular, cause to re-examine its objections to the Gorbachev proposal.

Is it a propaganda ploy? In good measure, yes. Mr Gor-bachev made clear that the diplomatic gains of extending the moratorium outweighed the security risks that many Soviet citizens (for which read Soviet military, of course) felt were involved in continuing not to test nuclear weapons. In fact, disingenuous about the impact of the moratorium on the Soviet military arsenal. The Soviet Union had carried out a brisk series of tests just before it announced the moratorium a year ago. It may thus bave completed, as the US claims, its latest cycle of nuclear weapon modernisation. Therefore the self-denying ordinance of a moratorium is not in fact denying it much, while catching the US neatly in the midst of its modernisation pro-

So far, bowever, the propaganda gains bave been pretty small for Mr Gorbachev. It has been a matter of frustration and puzzlement to Soviet officials over the past year that the anti-nuclear lobby to the West which seemed so strong two or three years ago over the deployment of Pershing and cruise missiles in Europe and in the "nuclear freeze" movement in the US has not really taken up the test ban

One must, to some extent, issues involved.

years ago, and regard the Chernobyl disaster as an extraordin-

month for a one-year ban on all but the smallest US nuclear weapon tests, if the Soviet Union agreed to a similar ban with on-site verification. It now seems, too, that the Reagen Administration is beginning to give some ground with a proposal to reduce the frequency of weapons tests in parallel with mutual reductions in the US and Soviet arsenals. That, of course, could take a long time. But it could take a long time. But it does tie the nuclear test issue to what may become the real considerations surrounding a test ban—namely, the issues of stockpile size and quality, a reliability and modernisation, rather than of verification which

### Emerging debate

Recent advances in seismic monitoring have, in the view of some Western scientists, somewhat lessened the need for the strictest on-site verification controls inside the Soviet Union, just as Soviet leaders have begun to talk, albeit in the most general terms, about opening its test sites to foreign inspection. What bas been so far lacking from the Soviet side is any detailed discussion, either in direct talks with the US or in the Geneva disarmament conference, about how verification would work on-site.

Similarly, there is an emerging Wastern debate about wbether tests are essential to maintain reliability and modernisation of the US, and for that matter British, unclear arsenals. Maybe these goals can he achieved without having to keep triggering warheads off.
It may be no bad thing at all if Mr Gorbachev forces
Western governments to take another look at the important

the second secon

THE STAKES are steadily mounting in an aerial poker game between Europe's Airbus Industrie and McDonnell Douglas of the US which will have a decisive influence in shaping the inter-national airliner market of the

The two aircraft manufacturers, both at present streaks behind the dominant Boeing in the dogfight for civil jet sales, have been exchanging proposals on possible co-operation for several months.

In a bid to come up with the best commercial, technological and political package for new long-range airliners planned to enter service in four or five years' time, the two groups are spinning out an elaborate web of contacts with airlines and aerospace companies around the world to work out collaborative deals and win launch customers. Even in an industry known

for tortuous negotiations, the amount of wheeling and dealing amount or woreling and dealing
ls exceptional—partly because
both manufacturers know that,
if they continue their present
gruelling competition for second and third place behind Boeing, one and possibly both of them will lose.
"There is an element of bluff

and doubla bluff going on." says Mr Geoffrey Pattie, the Minister responsible for aerospace at the UK Department of Trade and

UK Department of Trade and Industry.

Arguing that it would increase Airbus's chances on the key US market—highly difficult so far for the fournation consortium to penetrate—Mr Pattie bas coma out strongly in favour of a link with McDonnell Douglas.

The urgency of the issue was highlighted again yesterday when Airbus released sales results for the first balf of 1986 showing a sharp decline over the first half of 1985.

The next few weeks could

The next few weeks could prove crucial in deciding whether Airbus and McDonnell Douglas will turn their duel into a dnet aimed at dislodging Boeing from its pinnacle.

Ton executives of Airbus and Douglas Aircraft, McDonnell Douglas Aircraft, McDonnell Douglas Aircraft, McDonnell int com-

Douglas's commercial jet company, are likely to have a fur-ther meeting before the start of the Farnborough Air Show in the UK at the end of the They will he trying to flesh

They will he trying to fiesh out ideas for linkages hetween two programmes which have been on the drawing board for several years. These are Airbus'a planned A330 and A340 alreraft, for which the consortium is still trying to raise \$2.5bn to \$3bn in development out ideas for linkages hetween two programmes which have been on the drawing board for several years. These are Airbus's planned A330 and A340 alreraft, for which the consortium is still trying to raise \$2.5bn to \$3bn in development that no overall return on investment backers, and Douglas's oft-postpooed MD-11, a stretched version of the faithfully-serving DC-10.

Airbus has one key disadvantage compared with its two rivals from the US. They have a substantial marketing edge with US airlines and have also enjoyed sharply higher military and stream and stream of the resistant and Whitney. Even after ploughing into aircraft development as mnch as \$5bn of European taxpayers' money during its 16-year existence, Airbus has not made any profits yet. Officials admit that no overall return on investment can be expected until well into the 1990s, given the sums needed for development in the next few years. The dilemma over Airbus financing has been compounded by the persistent complaints of the Reagan Administration—prodded by Boeing and by Congress—that support for Airbus infringes international

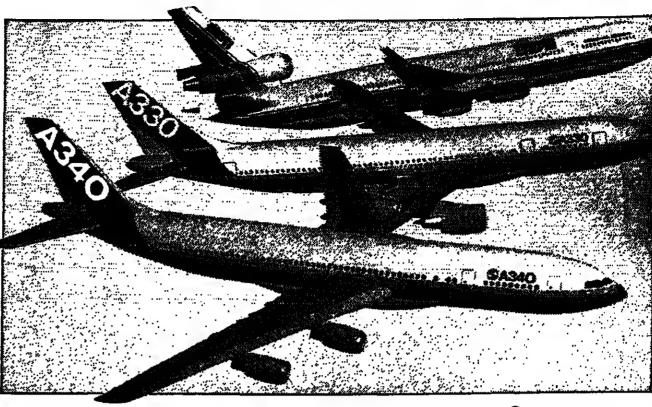
also enjoyed sharply higher military and space orders from the Pentagon resulting from President Reagan's defence huild-up,

The

Dentsche Airbus (a subsidiary craft industry through federal of Messerschmitt Boelkow Blohm of West Germany), British Aerospace and Casa of The French and West Ger-

man governments—to a greater of unfair support in Europe are degree than the British Government—give Airbus Industrie strong political support. But with budgetary funds in short supply all round, all three gov-

# The Airbus/McDonnell Douglas talks



# Bidding to break into Boeing's airspace

By David Marsh in Paris

HOW THEY COMPARE

190 260 150

The chances of fulfilling that condition—and the prospects of Airbus eventually making money—would crainly be enhanced by genuine partnership with McDonnell Donglas, along the lines of the successful transatlantic ties in aeroengines forged notably hy Rolls Royce of the UK and Snecma of France with both General Electric and Pratt and Whitney, Even after ploughing into

inancing has been compounded by the persistent complaints of the Reagan Administration— prodded by Boeing and by Con-gress—that support for Airbus infringes international fair trading rules. It is an argument which the Europeans find ques-tionable in view of the largent Reagan's defence tionable in view of the large-scale research and development consortium, linking aid habitually banded out to tiale of France, the US civil and military air-

Mr Pattie, quoting a Depart-British Aerospace and Casa of ment of Commerce report Spain, is dependent on government funds to back future projects.

The results, quoting a Department of Commerce report ment bas spent the US Government has spent more than \$47bn on aeronautic R & D since 1970, says the US claims

rigorous proof of economic says: "If governments think viability hefore they put up more cash.

The chances of fulfilling that they are fooling they are fooling that they are fooling they are fooling

themselves. In Bonn, the conservativeliberal government has emerged as probably the strongest backer of the new Airbus pro-

Airbus needs to be supported to prevent airlines from being exposed to Boeing's monopoly pricing power—and also to pro-vide an alteroative standard of airliner safety.

Officials believe Airbus has

no choice but to persevere in broadening its aircraft range. With Boeing chalking up \$26bn in airliner orders over the past 18 months, and taking 77 per cent of the overall jet market in the first half of this year, both Airbus and Douglas have a common interest in survival.

The MD-11 and A340 are both aimed at tackling Boeing's gone from strength to strength.

After an impressive string of orders for its 737s and 747s, as well as a continued boost from Pentagon military contracts,

Boeing 757-200 Boeing 767-300ER

Boeing 737-400\*

Airbns A300-60

Airbus A310-300 Airbus A320\*

Airbus A340†

A330+

\* Not yet in service. † Not yet launched.

McDonnell Douglas MD-87 McDonnell Douglas MD-11+

that the large profits Boeing is Boeing has just announced a 30 able to make on its long baul per cent jump in net income 747s are used to cut prices in the first six months of 1986. others part of its range where it competition—a view shared by

years with leading international airlines to make sure that the MD-11, which could be in service by 1990, and the A340, planned to appear about 18 months later, match the market's requirements.

Lufthansa, the West German national carrier, has been presnational carrier, has been pressing for the A340 for years, and the Boun government has already decided to put up DM 200m next year to back A330/340 development.

But Airhus and Douglas have also been weighing the disadvantages of launching similar aircraft at the same time. The airractions of co-operation have

attractions of co-operation have loomed larger as Boeing has

Seats Range (statute miles)

3,090-4,600 6,600 2,600

4,060 5,270

2,170

3,709 6,300-7,500

Douglas has put forward the idea of participating in Airbus's Londoo.

Both Dougias and Airbus have been talking almost continuously during the last two years with leading international allows to the send of last two years with leading international allows to the send of last two years with leading international allows to the send of last two years with leading international allows to the send of last two years with leading international allows the send of last two years which will be allowed the send of last two years which will be allowed the send of last two years which will be allowed to the send of last two years which will be all Douglas confirmed its interest in keeping the momentum going,

calling for more talks about a stake in the A330. It has also suggested using Airbus'a new wing technology for the A330/340 in a future stretched MD-11 which could confront directly the Boeing 747-400.

The chief obstacle to any agreement is that one side would bave to make sacrifices—either Airbus would have to give up the A340 or Douglas the MD-11—leaving it highly vulnerable to changes in policy by the other partner. by the other partner,

Because Airbus has been conceived as a political instrument to stand up to US competition, there is strong doubt over whether France, above all, would go along with any plan to abandon the A340.

French officials in recent weeks have underlined their commitment to building both the A330

Scepticism in Europe over the riginal Donglas proposals earlier this year was prompted cushion hy memories of two previous offers of collaboration from the US company in recent years. These subsequently came to nothing and were regarded mainly as efforts to divert Airbus's energies from its own

Douglas, after repeatedly claiming during the past two years that it was on the point of launching the MD-11, is now judged by senior Airbus

executives to be at last serious executives to be at less serious about the project.

Whatever happens, Mr Jean Pierson, the president of Airbus, who has been handling this year's negotiations with Mr Jim Worsham, the Douglas chief executive, knews that time is not on Airbus Industrie's side.

The consortium has made The consortium has made great efforts in carving out a place in the wide-body let market through the \$300 and

A310.

But two years after entering a new sector through the narrow-body A320, due to come into service in 1988. Airbus is still having a bumpy ride.

Sales—above ahi of the A300 have been sufficient to irritate Boeing greatly over the past two years. But demand for the A300 and A310 has fallen this year and output of the aircraft at Airbus's Toulouse head-quarters is only three a month. quarters is only three a month, a far cry from the eight which was foreseen a few years ago. Airbus says it is still going through the phase of needing maximum financial support to safeguard the investments at-

ready made.

"It's a fact of life—I've seen it in oil and chemicals. When you're trying to break into a market dominated by one or two suppliers, you've got to buy your way in," says Sir Austin Pearce, chairman of British

Aerospace.
The company will make formal application in t formal application in the antumn for launch aid from the British Government to cover part of the £500m it says it needs to develop the new wing elements for the A330/340. Sir Austin says he would like

the Government to put up 85 to 90 per cent of development costs—in line with the proportion of aid, through soft learn, given to MBB through the Bonn Government.
"The higher the figure they

put in for, the less likely they are to get it," says Mr Pattie, pointing out that British Aerospace is now fully back in the private sector. In practice, BAe appears unlikely to be able to cover more than half the £500m

from the Government.

In the final analysis, the source of Airhus troubles is that it is a juvenile in a business where profits take generations to build up—and bave tradition-ally been associated with strong support from military contracts.
Airbus has only around 540
jet airliner sales to its name
against well over 5,000 for
Boeing and 2,500 for McDonnell Douglas.

The world's first modern sirliner, the ten-passenger Boeing 247 monoplane which first flew in 1933, was a civil development of the company's B-9 bomber of 1931. The growth of civilian husiness evolving from military projects has been a feature of Boeing's development for jet air-

Boeing's development for jet airliners since the war.
Military and space sales (overwhelmingly from the US Government) accounted for about 40
per cent of Boeing's revenue last
year—even though it was a bumper year for civilian sales.
About 70 per cent of McDonnell Douglas' sales last year
came from combat aircraft, providing a considerable cash

viding a considerable cash Street Wall

analysis are speculating that any signs of further cutbacks in US defeuce spending in coming months will make the company even keener to secure civilian orders — which could increase pressure for it to join forces with Airbus.

It would be Ironic if one influence pushing the two groups together was to stem from the US Congress.

### Lowe to fly the Challenger

Donald Lowe, a tall end seemingly unflappable Canadian, who as a General Motors executive 15 years ago belped get the Vauxhall plant at Luton, England, into better shape, has

taken on a new challenge.

He is to be president of
Canadair, the Montreal maker of the Challenger business jet, and aviation and defence pro-ducts. The company bas been acquired by Bombardier, the heavy transit, snowmobile, and defence products group, for C\$120m.

Canadair operates from an old wartime plant which started by building amphibians and, in the post-war years, prospered hy
American fighters building American fighters under licence for several European countries.

problem of trying to sell the Challenger in a depressed world market against such tough competition as the French Dassault Falcon, and the US Gulfstream, Challenger has less than 15 per cent of the market. But it needs 25 per cent to survive, according to Lowe.
In North American business circles, Lowe has the reputation of a man who gets things done,



long—it's a Flying Income Tax Inspector\*

# **Men and Matters**

Whitney, Canada, to put the pieces together after a disastrous and violent strike. His success in that episode led to him becoming president of the parent Pratt and Whitney appropriate to the parent products disaster in commercial products division in 1980. Two years later he went back to Canada to head up Kidd Creek Mines, the Ontario zinc-

silver producer.

Lowe is an unusual combination of engineer, and marketing man, with an additional flair for human relations. It will take him two years, be estimates, to get a new team working together at Canadair. If anyone can save the Challenger he probably can.

### Winning ways

Even the federal German Chancellor thinks twice about getting into a scrape with the West German Bundesbank—for the simple reason that the bank has a tendency to win. If this political truth needed further demonstration, it would be found in the central bank's recent victory over the foreign

ministry in the matter of its New York representation.

For over 20 years, the
Bundesbank has been represented through the West
German consulate in Manhattan. But last year it began pressing for its own preserve. The hank should be represented in its own most important financial market

in an independent manner and style commensurate with its importance, it reasoned. No sooner was the idea floated than the foreign minis-try raised a series of objections. There were protracted negotiations in Bonn. But as usual, the Rundeshank won.

He played a major role in setting up a General Motors assembly plant near Montreal. And he was hired by Pratt and \$400,000 a year, it will be more next month. With a rental of \$400,000 a year, it will be more expensive than the \$33,000 a year digs at the consulate.

year digs at the consulate.

But then, maybe Bonn decided this was a small price to keep the Bundesbank happy.

After all, it has generated more than DM 60bn in profits for the federal treasury in the last five

### **Markets** music

City of London cognoscenti are still savouring the memory of a musical send-up of the way of life in the financial quarter which was sponsored by accountants Deloitte Haskins and Sells last December.

They had Fritz Splegi conduct the BBC's Langham Chamber Orchestra and "a chorus of apeculators" in Samuel Butter's Narcissus. The work written in the 1880s, re-flects the author's unhappy experiences in the stock market and is called "a dramatic cantata on the Stock Exchange." tata on the Stock Exchange."

As spite of Butler coming out of his market transactions a poorer, and probably wiser, man, it is a jolly, jokey piece.

Now there is a chance for a wider audience to hear it as Partie 2 is to broadens a re-Radio 3 is to broadcast a re-cording of the original par-formance at 11 pm on August

Butler is hest remembered as tha author of The Way of All Flesh. Splegt, who had a rare copy of his stock exchange cantata, recommended it when Daloittes were looking for a suitable "corporate entertain-ment."

Butler had a life-long love affair with Handel's music and the Narcissus is a Handel pas-tiche. Butler had lost £3,560 on the Canada Tanning Extra Company when he chose the stock exchange for his setting. And doubtless he had in mind that Handel was twice bank-rupt, and lost £300 in the Sonth Sea Bubbia affair.
The plot will be easily under-

stood by modern investors. Narcissus, a simple shepherd. and Amaryllis, a prudent shep-berdess, have abandoned pas-toral pursuits and embarked on course of speculation upon the stock exchange. This results in the loss of £100 on which they had intended to marry.

But it all ends on a bullish

How blest the prudent man and maiden pure,
Whose income is both ampla ind secure; Arising from Consolidated three Per cent Annuities, paid quarterly,"

### Play the game

The seizure of the north west shelf rig Rankin A, off Western Australia, by 300 disaffected production workers had its funny side, After Woodside Petroleum cut telephone communications with the mainland the labour force found its own solution.

Messages were passed on to their families and the Perth media via hollowed-out potatoes. Nicknamed "potatograms," by the men, they were hurled overarm from the rig to a mineral barse. There a support barge. There, sympathetic colleagues relayed essages. When Woodside's manage

ment found that its veil of silence was hreached it had the barge moved further from the

rig,
But the strikers had an
answer. They found several
cricketers in their 300-strong
force accustomed to fielding at long on, extra cover and other places where the grass grows high and the throw ins are long. So potatoes continued to reach the barge.

### Open-minded

Yet anothar intellectual car sticker seen in Chelsea: "I'm neither for nor against apathy."

**Observer** 

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THE LEGAL PROFESSION

# A less protected world

By Hazel Duffy

LAWYERS ARE facing the most critical challenge to their privileged position this century The cosy practices of the past are increasingly threatened by competition from outsida the profession, and the legal system itself is coming under closer

Mrs Thatcher's distaste for restrictive practices in all walks of life is slowly making itself left in the professions. At the same time, some are beginning to be affected by deregulation in the figure is services. to be anecred by deregulation in the financial services. Both moves find the professional bodies looking increasingly out-dated and defensive, with prac-tice rules which frequently tie the hands of their members.

Sir Gordon Borrie, director-ceneral of the Office of Fair Trading, will be reporting tomorrow on the extent to which these rules constitute a harrier to efficiency in the workings of the professions. His report follows a year-long investiga-

Solicitors have already felt the cutting edge of the Govern-ment's campaign to promote competition. In a move which heralds the most far-reaching hanges in the profession in well over a century, the Govern-ment has broken the solicitors' monopoly in property conveyancing. This business provides the major source of income for most small firms.

Championed by the Consumers' Association and a few backbenchers, notably Mr Austin Mitchell, MP, the Building Societies Act hecame law at the end of July. The hlow was softened, in the event, by giving Lord Hailsham, the Lord Chancellor, the power to pre-vent institutions offering convegancing services to the same clients to whom they extend property loans, on the hasis that there could be a clash of

Nevertheless, solicitors believe to high-street practices np and down the country which derive an estimated 60 per cent of their fee income from con-

They will find themselves in competition with the new profession of licensed conveyancer, not mutually exclusive, but whose training and examination each fears mixed partnerships



to come from the latter, par-ticularly if and when they will be lagally able to offer a home loans package that includes

Conveyancing solicitors think they are left with little option but to increase their workload in other areas, or to become more competitive with the high street branches of the banks and hullding societies.

Solicitors who do a lot of conveyancing want to be able to go into partnership with estate agents and surveyors. To do this, the Law Society's rules must ha changed. At the moment, they expressly forbid mixed partnerships, as do the rules of accountants' professional bodles (and the law) relating to auditors.

Sir Alan Leslie, president of the Law Society (1985-86), gave an indication of the difficulties surrounding the issue of mixed partnerships when he said, just before retiring in July: "Conveyancing solicitors... are on a collision course with tha strong opposing views held by City firms and those which specialise in litigation."

The last two categories are mutoally exclusive, but advice to accountants. They are concerned that if accountants and solicitors enter into partnerships, the accountants-who are tha more aggressive profession has a closer connection with the more competitive world of commerce—may well domi-

It is not something which the big City firms have much tima to worry about. Many of them are awash with work, created by the high level of activity in the stock market, privatisation, and, at least until recently, legal preparation work for the exploration and development of oil and gas resources. The partners frequently work long bours, seven days a week, with handsome rewards tow. But Sir Max Williams, Master

of the City of London Solicitors' Company—a former Law Society president and senior partner in City firm Clifford-Turner—thinks the Law Society Turner—thinks the Law Society should tackle the problem of mixed partnerships before the Government does. "I believe there will he legislation which will permit partnerships between solicitors and accoontants and also they will become part of the new financial services 'supermarkets." He says the society should take the

ing societies to do conveyancing, capture some of the ground however, and who plan to The real competition is likely previously lost in areas like tax respond to the challenges facing them hy doing more litigation work, do not like the prospect of their colleagues going into business with estate agents. They can see the image of their profession being dragged down to the high street shop level—the last thing they want when they are pressing to enter the

barristers' province.

Their plans raise perhaps even more fundamental issues ahout the structure of the legal profession in the UK. Barristers have grown this century to he the elite of the professioo. They like to think of themselves as the specialists compared with the solicitors' general practi-tioner role—a view that will he increasingly inappropriate as with the courts unable to cope solicitors specialise more, affect with the volume of husiness. In different areas.

While the harrister/solicitor relationship works well for many practitioners, large numbers of solicitors are eyeing the harristers' exclusive patch in the higher courts with envy. in the higher courts with envyMany young solicitors, who feel
that the conveyancing loss was
a vicious hlow, have declared
themselves in favour of the two
wings merging in the longer
term. Meanwhile, the Law
Society Council, and its conference, is due to dehate the proposal of a working party that
solicitors and harristers should
have a common training, after whose training and examination each fears mixed partnerships rules are being drawn up by for different reasons. Commera government-appointed body. clal solicitors—who also usually
Licensed conveyancers will have litigation departments—
operate independently, or be have diversified and expanded employed by banks and build—in recent years, and tried to revices supermarkets. He says enter is due to detail to the society should take the posal of a working party that initiative, rather than react solicitors and harristers should after the event, as it did on the have a common training after which a small number would go
Those solicitors who are not on to specialise as barristers.

The says enter is due to define the society should take the posal of a working party that initiative, rather than react solicitors and harristers should after the event, as it did on the have a common training after those solicitors who are not on to specialise as barristers.

sent the first step towards fusing the two professions. Pressure on barristers is

coming not only from solicitors. coming not only from solicitors, however. Despite excellent representation in political circles (inclinding the Prime Minister, who qualified as a barrister), the Bar has come under an uoprecedented degree of public criticism recently and has Isunched a major public relations campaign in the past year or so to explain its purpose to outsiders. In maintainpose to outsiders. In maintaining its special position in the legal system, it has the unswerving support of the Lord Chancel lor who told the Bar's first con-ference earlier this year that he found it "extraordinary . . . tha there should actually be people who advance the idea that harristers and solicitors should no longer he separate professions each practising their specialities."

But the greatest potential pressures on lawyers could come from outside the profession, as the nature of the legal system itself comes under

greater scrutiny. Demand for tegal services is rising rapidly for a number of reasons: greater consumer awareness of rights under the consumer law; an increase in property disputes related to divorce; growing resort to litigation hy companies, as well as individuals; and the growth of legislation affecting numerous sectors, like trade unions.

To meet this demand, the number of solicitors and harris ters has increased aubstantially since 1979 when the Royal Com-mission on legal servicea reported. But the system within which they work is less efficient,

The Government thinks that the msin solutions lie in reform-ing legal procedures, enabling the process to be speeded up the process to be speeded up while still astisfying consumer demand for greater access to the law.

A start has been made on identifying ways to make pre-trial procedures speedier and more cost-effective—a standing commission has been set up by the Lord Chancellor, which will work independently with the Law Society and the Bar,

Inevitably, change will mean an alteration in the working practices of lawyers—a profes-sion which can simply oo longer afford to be caught standing still.

The financial revolution

# Fiduciary institutions and fraud

By Ian Hay Davison

of hanking supervisory pro-cedures, set up after the John-son Matthey affair, recom-mended a dislogue hetween bank supervisora and auditors

to "sasist each other to carry out their respective functions."

This recommendation alarmed

tutes for three reasons.

professional accounting insti-

First, the audit relationship

First, the audit relationship is dependent upon confidence hetween auditor and client. That confidence depends significantly upon the auditor not divulging information obtained in the course of his work to any third party. The Chancellor's Committee's proposal was seen as a

fundamental breach of this prin-

ciple. The second concern related

is to the client bank, the client

huilding society or investment

Third, there is still some concern about the proper role of the auditor when fraud is present. The auditor's duty is

form his duties in such a way that he has a reasonable expec-

tstion of identifying material

If, however, the fraud, although perhaps substantisl in absolute terms, is small in relation to the size of the business.

he bas no duty to find it, but if be does find fraud then he

bas a clear duty to report it to the directors.

The Treasury appears to accept the nature of the

auditor's role in reporting on the client's figures, but Clause 76(2) to the Building Societies Bill, for which the Treasury is also the sponsoring department.

gives the auditors power "if they are satisfied that it is expedient to do so in order to protect the investments of sharebolders or depositors," or if requested by the authorities,

to report directly to the super-visory authority "notwithstand-

BANKS, building societies and investment husinesses have two things in common; all are fiduciary institutions owing a rigorous duty of care towards the customers whose money they hold.

they hold.
All three of these financial institutions are subject to reforming legislation. This reform has been prompted by two concerns: the quality of accounting and regulatory supervision and the worldwide which towards from the property of the supervision and the worldwide which towards from the supervision and the worldwide worldwide which towards from the supervision and the worldwide worldwide worldwide which the supervision and the worldwide wor shift towards freer investment markets. The Building Socie-ties Bill and the Financial Services Bill are before Parllament, and a Banking Supervi-sion Bill is expected soon.

These reforms raise serious questions for accountants, auditors, advisers and directors. Two matters in particular are currently receiving close attention. I must declare an interest as both were raised in 1979 in the Inspector's report on the Grays Bullding Society of which I was joint author. The first concerns statutory backing for an adequate system of internal control and sn audit opinion on that system's adequacy; the second is for a closer relationship hetween regulatory supervisora

and suditors.

In their July 1985 report on fraud, the Institute of Chartered Accountants' Working Party highlighted a satisfactory system of internal control as the first line of defence in preventing fraud. It recommended that such a system ha a statuthat such a system he a statutory requirement for fiduciary

By internal controls is meant the entire corpus of procedures within an organisation which cusures that cash does not go astray, that debts are collected and hills paid in due time to the right people. In fiduciary institutions the matter goes further to include proper segregation of clients' and deposi-tors' funds.

Proper procedures include segregation of duties so that no defalcation can take place without collnsion among memhers of staff; and regularly enforced annual holidays, since many fraud cases bave started with the discovery of corrupt practices while the perpetrator was on holiday. Such internal control pro-

cedures should be backed up by second fine measures; speci-fically appointing a finance director; adding to the hoard an appropriate number of non-executive directors; establishing

an internal audit department; and appointing an audit com-mittee of tha hoard to whom aoy ohligation

mittee of the hours and the internal auditors and the external auditors can report tallity and we may directly. The law covering fiduciary institutions should require that auditors report on require that auditors report on the adequacy of such controls. Committee the clause gives the auditors the legal right to bresch the the legal right to bresch the restrictions of confidentiality it also imparts a duty to consider if the matter is of such gravity that the auditor should approach the authorities.

Normslly, as the authorities made clear, such disclosures will he done with the informed knowledge of the client. But what if the directors themselves are on the fiddle? In the graphic phrase of one auditor, what do we do when the auditors are on their way to the Bank of England and the directors are on their way to directors are on their way to

Currently, the Institute of Chartered Accountants' guid-ance note makes it clear that The second concern related members have no legal obligation to the nature of the suditor's role: he is not a source of wrongs unless the dsmage likely information, but a source of to arise from non-disclosure is opinion upon information sup-plied by bis client. It is not to the auditor that the aupervisor should turn for information, it

As the Fraud Working Party of last August said, the Institute should redraft this so as to encourage an auditor to report any suspected case of serious fraud by a client. This is the least that those who audit to express an opinion on his fiduciary bodies should do: client's accounts: he should perguidance must be drafted to guidance must he drafted to atances when it is not approprinte to tell the board.

In the new world of the finsn cial services revolution, directors, auditors and regulators must learn new rules, Directors must require adequate internal controls. Auditors must accept that, when dealing with financial institutions, they have a responsibility to depositors or client investors, even if it may cause them to differ with the directors of their clients; they must adjust their understanding of client confidentiality. For their part, supervisors are required to recognise that the City is no longer susceptible to regulation by word only.

The outher is an edviser to Arthur Andersen & Co. e former chairman of the Accounting Standards Committee, and former deputy chairman and chief executive of Lloyd's.

### Trading in property.

From Mr P. Hutley

Sir,-I read with considershie interest John Plender's article on unitisation (August 15) and remember well his articles on property bonds that be wrote over a decade ago. His mixture of scepticism and enthusiasm is well balanced and be gently puts forward some of the points for and against property unitisation, in whatever form it is going to take, during the next

When my then company offered property bonds to the public in the early 1970s it was at a time of comparative boom in the property market and done in response to the desire to participata in the entrepreneurial opportunities that property development and improvement offered at that time. The machinery was aimple and prices were based upon independent valuations. The emphasis now appears to be to stract purer invastors, he they small institutions or individuals, to purchase portions of large commercial buildings through a newly devised mechanism in-

RIM

newly devised mechanism involving, on the one hand, instruments to be known as Pines or a rival form of security approved by the Royal Institution of Chartered Surveyors and for which special legislation is being approved that will be referred to as property units. Either method appears to be quite simple in operation and being a security capable of providing a security market viding a secondary market with some form of Stock Exchange listing.

It is ironic that after so many years of being without a freely traded security in property as has existed in the US and Australia for nearly 40 years, two methods should now emerge together. As either one will need all the energy and will need all the energy and enthusiasm of its sponsors to gain acceptance it is to be hoped, for the sake of the property industry, that they will unite rather than compete.

Several important issues have to be faced at this early ataga in the davelopment of a new market and one is the size of the unit to be issued. Clearly this should be of sufficiently small denomination to allow the growth of an active secondary market enabling investors to divest as well as invest. The strength and ease of the secondary market will be the

Already there is some public anxiety that the quality of the buildings available in this new market will leave something to be desired but it must be recognised from the atart that some properties are hetter than others and have different characteristics and therefore yields and that there must he scope for professional advisers independent intermediary or company representative. Should chartered accountants, or indeed any of the professions, wish to offer incidental investment ad-

### Letters to the Editor

to point out advantages and dis- | vice, then they should be subadvantages in just such a way as surveyors do when advising on whole huildings.

Presumably some certificate concerning the quality of the structure will be issued by a firm of professional structural engineers that will need to be renewed from time to time. In deed the standardisation of practices of this sort will help the acceptance of the market and, as in property bond days, real seceptance only comea after a code of conduct is published and some self regulatory group is formed.

There are of coursa a number of other problems that unitiaation will bring in its wake that involve more than just good estate management decisions. Ultimately buildings bave to he rehuilt, refurbished, relet, and passed on to different typea of owners. The most prime buildinga ultimately become secondary and even prime posi-tions deteriorate in just such a wsy as some secondary ones im-prove. How will the disparate owners of such buildings reach unanimous decisions?

Peter Hutley. Wintershall Estate Office, Wintershall, Bramley, Surrey.

Protecting the consumer

From the Secretary, Authorised Independent Investment Advisers' Association

Sir,—Your item "Accountants may swamp SROs for member-ship" (August 8) mentions that the Institute of Chartered Accountants is considering whether it could assume a limited range of supervisory responsibilities if its immunity demands are not met.

If this means that recognised professional bodies would be allowed to apply a lesser set of rules than those applied by SROs, then the institute had better think again l

If a member of the public wishes to seek investment advice from a chartered accountant (who, if authorised, would be giving advice as an inciden-tal activity to his main profession), it is only right that the quality of advice and standard of service given should be as good as that which would have been received from a person whose business it is to provide

ject to no lesser rules than those husinesses which would he authorised hy means of their membership of an SRO.

imer protection. Steve Draper. 4 Lion Chambers

John William Street, Huddersfield.

**Professional** profits

From Mr N. Mullan

Sir,—I read Mr Aldous' letter (August 16) on the reform of the accountancy profession with disbelief. The claim that a professional is somehow a superior being un-interested in the pursuit of profit is one of the longestrunning mytha put ahout by the professions. Apart from flying in the face of human nature it does not accord with current or previous, practice. N. J. R. Mulian.

Flat 6, 69-71 St George's Drive, SW1.

Accumulation units

From Mr G. Pingstone

Sir,—I am astonished to learn from Mr Eric Short's article (August 9) that the DTI is not happy with "accumulation" units as a method of reinvesting the income from unit trust holdings and thinks that the public is confused when units of the same fund have different values. I con-sider that the industry is right in helieving that this well-established method is under-stood by unit holders and,

moreover that it has positive advantages for them.

In the first place the number of units held under the accumulation method remains constant and the unit holder is not faced with the need to keep track of small periodical additions in order to arrive at the total value of his holding at any

Perhaps equally importantly, under the accumulation method the unit holder is not faced with baving to look after numerous pieces of paper showing the number of additional units (to several decimal places) resulting from income reinvested over a period of years and all of which have to investment advice, such as an independent intermediary or company representative. Should chartered accountants, or indeed the chartered accountants, or indeed total holding under the siternative reinvestment procedure. It would seem that in most

instances under the alternative reinvestment procedure the full luitial investment charge is levied in respect of the periodic clearly scope for a reduction in this respect as the result, inter alia, of the smaller amount of "paper work" involved under the accumula-

involved under the accumulation procedure.

In the light of the foregoing one is left wondering just what the DTI is thinking about in trying to kill the well-established "accumulation" method. To allow lesser standards to apply would make a mockery of short period?

88 Mnnor Wny, Beckenham, Kent.

Assistance to shipping

From the General Sacretory, National Union of Morine

ao for many years.

GCBS, under the guidance of its member-companies, loudly proclaims s doctrinaire helief in freedom from Government subsidy while, at the same nme, demanding special tax privileges (ie, s form of sub-sidy). The most vocal com-panies force the GCBS into this ludicrous position and then, themselves, fisg out to obtain the benefit of subsidies, low tax, low labour or safety stan-

governments.

As the deputy director-general said in his closing sen-tence: "We envisage a continuing and substantial worldwide role . . . if necessary under any other flag." Hardly

is less doctrinaire policies by all who have influence and a greater willingness to fight for the survival of a bome mer chant fleet providing jobs, foreign exchange, contribution to halance of payments and support for foreign and defence policiea. That is true at hoth national UK and Europesn Community level.

750-760, High Rd, E11.

Could it be that none of these responsible has ever held units under which reinvestment hy the other method has operated for more than a very Gordon W. Pingstone.

Ariation and Shipping Transport Officers Sir, - I refer to the letter

Sir, — I refer to the letter (August 5) from the deputy director-general of the General Council of British Shipping. I agree it is a fact of life that shipping is international and highly competitive. It is, bowaver, only those who look hut do not see who can claim that assistance hy the Europesn Community and our Government is needed to "hold the ring against protectionism." The reality is that almost all the fleets of all the flags of the world sre assisted hy governments. Shipping is no longer a free markel and has not heen as for many years.

GCBS, under the guidance of

dards or hilateral deals by other

a recipe for the maintenance of a British fleet.

What is needed in shipping Eric Nevin.

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EMS does not, however, just affer products. We work with aur customers to whom we offer a camplete backup and technical service to aptimize their processing and develop products based an aur fibres.

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Swiss tradition

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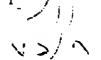
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# FINANCIALTIMES

Wednesday August 20 1986



MORATORIUM 'PROPAGANDA WITHOUT COST TO MOSCOW'

# **US denounces Soviet N-test offer**

tion to a complete ban on nuclear to modernise its forces so as to rent. weapons tests remains unshaken, catch up with Moscow. despite the latest call fur such an agreement by Mr Mikhail Gorbachev, the Soviet leader.

US officials immediately denounced Mr Gorbachev's latest offer, accompanied by an extension of controlled House of Representa-tives to impose a one-year ban on lot of propaganda" without cost to Moscow. Washington does not want the idea to take firmer root either in Western Europe, or on Capitol Hill, where pressure is mounting for new US arms control initiatives, to the Adminstration's dismay.
Mr Larry Speakes, the White

House spokesman, responded to Mr Gorbachev's speech on Monday by stating bluntly: "A nuclear testing moratorium is not in the security interest of the US, our friends, or

US officials suspect that one mo-tivation behind Mr Gorbachev's re-deep and verifiable arms reduc-US officials suspect that one moall but the smallest US tests, provided the Soviet Union does likewise and agrees to on-site verifica-

The Administration has repeatedly responded to Soviet test ban pronosals with calls for improved verification. But it has made quite clear that its hope is to improve monitor-ing of existing treaties dating from the 1970s, which limit nuclear tests, not to move towards a complete

He repeated the Administration's mate goal, according to the Admin- hand, insists that the reliability and

THE REAGAN Administration has claim that, among other reasons, istration, but not until the US no quickly made clear that its oppositive US needed to continue testing looger depends on a nuclear determination without tests. It also

It could only be considered, in the marks, besides boping to sway tions, substantially improved verifi-Western Europe, is a desire to en- cation measures, expanded confidence-building measures and greater balance in conventional forces."

> The Administration, however, is unlikely to be able to stifle debate on the issue. Opponents of nuclear testing argue that the US could stop now and still retain a military advantage, because it is ahead of the Soviet Union in warhead design, and has conducted some 200 more tests than Moscow over the years. They also argue that weapons

> can be adequately tested without the need for actually detonating a nuclear explosion.
>
> The Administration, on the other

wants to continue testing to develop new weapons, including the X-ray laser that could play a big role in Mr Reagan's Star Wars space defences.

"Nuclear weapons will remain, at least for the foreseeable future, a key element of our deterrent," Mr eakes said. "In such a situation. where both the US and our allies must rely on nuclear weapons to deter aggression, a moderate level of nuclear testing will be required."

Many US officials are confident that pressure from the Soviet mili-tary will ultimately force Mr Gorba-chev to resume Soviet testing. They assume that the Soviet mili-

tary must be unhappy with the ban, imposed by civilians for political, rather than military reasons.

#### Editorial comment, Page 14

# Hanson to sell Durkee foods business

HANSON TRUST, the UK conglom-erate, is to sell its Durkee Famous the retail grocery market with HANSON TRUST, the UK conglom-Foods business, acquired earlier spices, olives and a variety of convethis year in its \$930m takeover of SCM, the US group, to Reckitt & sauces and fried unions. fts turn-Colman, the British bousebold products and foods group, for \$120m cash plus the assumption of \$20m of

Sir Gordon White, bead of Hanson's US operations said this and is unterstood not to have made the other recent sales businesses meant Hanson bad now raised more than the purchase price of SCM. Yet Hanson was still left with major SCM activities, including its titanium dioxide business, Smith coming from the US, owns a similar Corona typewriters and Allied Business forms, which together are called R T French. Reckitt & Col-

nience food specialities such as over is about \$210m, with pre-tax profits of some \$13m a year. Net tangible assets at March 31 1986 were about \$37m. The business, whose fortunes have been volatile,

returns on capital Hanson wanted. The business however fits neatly into Reckitt's US activities. Reckitt, with about 23 per cent of its £1.2bn (\$1.86bn) a year turnover already speciality food business in the US

north east and midwest and with R
T French's lying in the south-east of Hanson's North American opera-T French's lying in the south-east and south-west. The acquisition will greatly enhance Reckitt & Colman's overall competitive position in the US grocery trade."

Reckitt & Colman, whose turnover in the US will be lifted to around 30 per cent of group sales. said it envisaged higher returns from these food businesses through "significant economies in distribution, selling, marketing and manu-

by Reckitt & Colman primarily in US dollars from internal resources and by third-party borrowings, the Rose Young frozen foods busi-Completion of the deal is subject to ness which we acquired with the thought to have produced pre-tax man said: "In regional terms the profits of around \$120m last year on two businesses are complementary Sir Gordon White said the saie of im Taylor, a director of Hanson two businesses are complementary with Durkee's strength lying in the Durkee Famous Foods substantial- Trust.

tinns with SCM's integration into Hanson Industries - the US arm of Hanson Trust - largely completed.

Since Hanson acquired SCM, after a bitter court battle, it has disposed of some paper manufacturing facilities (\$f60m), the group's beadquarters (\$36m), Sylvachem (\$30m) and most recently Glidden Paints, acquired by fCI last week for about

Hanson will retain Durkee Foods The acquisition will be financed an industrial foods business whose y Reckitt & Colman primarily in activities include frozen foods. "This business is more akin with

# Six firms to manage BR pension fund

BY CLIVE WOLMAN IN LONDON

pension fund, have been awarded to three merchant banks, an insur- assets.

small Scottish independent firm.

The trustees of the British Rail Grade Fund - which form the UK's fifth-largest pension fund with to be reappointed. ft bas yet to re-£4.5bn (\$6.7bn) of assets - have pro-visionally appointed six investment performances in £983 and £984. managers. No official announcement is due, however, until all the be given pools of assets worth details of the contracts have been

Warburg Investment Manage Prudential Assurance, Morgan ment, a subsidiary of S. G. Warburg Grenfell Asset Management and

Three investment houses are to £750m each. These are Prudential Portfolio Managers, a subsidiary of

BRITAINS largest-ever set of in-vestment management contracts, arising from the reorganisation and privatisabon of the British Rail will continue to manage the same

ance company, a stockbroker and a However, another merchant bank however, is the allocation of £250m subsidiary, Hill Samuel Pensions to Martin Currie, a small Edin-Investment Management, which al-burgb firm whose main business Superannuation Fund and Wages so manages more than £1bn of as- bas been investment trust managesets for the pension fund, has failed ment and which has only recently moved into the UK pension fund market. Only four years ago, Mar-tin Currie was under attack for its poor investment performance and suffered the loss of two investment trusts. Since then, however, management changes have led to a dra-

All the managers have been giv-

BY TIM DICKSON IN BRUSSELS

Under the terms of the recent

agreement between Mr Clayton

Yeutter, the US trade representa-tive, and Mr Willy de Clercq, the

EEC's external trade commissioner,

iatory measures taken when the dispute became more heated last

The US was understood yester-

day to have kept its side of the bar-gain by simultaneously pegging back the tax on EEC pasta imports

from 40 per cent to its original level

The action will bring relief to US exporters of walnuts and lemons, sales of which to the EEC in the

first five months of this year

plunged by about 85 per cent by comparison with the same period of

f 985. Duties on lemons will go down member states.

**EEC and US move** 

to ease 'pasta war'

THE EEC last night agreed to lift from their present level of 20 per punitive duties on US walnuts and lemons, putting into effect the first stage of the settlement of the so-called transstantic "pasts war."

The US action, meanwhile, should give a boost to EEC pasts expect which fell 28 per cent in the

both sides pledged as soon as possi-ble to unscramble the various retal-iatory measures taken when the tions and will be the subject of fur-

not asked to focus on specialist sec-tors or countries. The details that have yet to be finalised cover adamount, slightly less than £1.5bn of Drew, is to manage £500m of assets. ministration, accounting require-assets. The most surprising decision, ments and the setting of charges, although the managers have already given an indication of what they will be asking. The total investment management fees will

en a general investment brief and

The selection of investment managers arose from the decision of the trustees to disband the in-house British Rail investment manage-

Lex, Page 16; News analysis, Page 20

ports, which fell 28 per cent in the

early part of this year, although

EEC subsidies to some extent eased

The question of the level of EEC

ther talks over the next 12 months.

cord, which commits both parties to

some other significant measures to liberalise trade between the two

blocks, notably by easing access to

the European market for US citrus

producers and opening up more op-

portunities for, among other prod-ucts, EEC cheese and olives.

tion to some of the details may be voiced by certain Mediterranean

It is possible that political opposi-

Next month, EEC foreign ministers will study the full text of the ac-

# **Pressure on US rates**

months down to an annual rate of 2.2 per cent. ft means that GNP must grow by 4.2 per cent in the second balf if it is to meet the Administration's latest forecast at 2.2 ministration's latest forecast of 3.2 per cent for the year as a whole, a prospect that most private economists find highly unlikely.

Inflation in the second quarter, as measured by the GNP fixed weight price index, was running at an annual rate of only 1.9 per cent in the second quarter, after 2.5 per cent in

first quarter.

Mr Robert Ortner, Under-Secre tary of Commerce for Economic Affairs, said that in one respect the latest report was better than last month's preliminary data.

The smaller increase in stocks revised downwards from \$19.6bn to the first. This was the lowest since were positioned for the third quarter and likely to increase orders.

# London's lead in forex

Continued from Page 1

banks trading in New York, almost the same percentage as in 1983.

the first time, since groups such as Salomon Brothers and Goldman include a good deal of double counsachs have taken an increasing ting, and have been adjusted downshare of the market. Those groups wards to give the final figures of bave been particularly prominent \$90bn, \$50bn and \$8.5bn.

Spot deals made up 63 per cent of panks trading in New York, almost the same percentage as in 1983.

The Fed included non-bank investment houses in its survey for by the non-bank investment

In gross terms, the Bank of Eng-

der 1 per cent of the total volume of in the newer financial instruments such as options.

# Tough Canberra budget

Continued from Page 1

for borrowing. Net external debt ft is thought that the sales tax

On the revenue side, overall reabout 8 per cent, against 8.4 per cents are due to rise from AS64.2bn cent in 1985-86. to AS71.3bn. Proposed cuts in the top marginal personal tax rate to 55

July.
Other changes include a 3 cents a litre or 14.4 per cent rise in petrory cars and wine, and a rise in a wage indexation or so-called health scheme tax levy to 1.25 per counting." cent of gross personal income from The Government is looking for

soared from A\$7.3bn in f980 to will give a slight boost to prices but A\$52bn in f985 (25 per cent of because of hoped-for wage moderation, inflation in f986-87 will be

In addition to reducing the budper cent from 60 per cent have been deferred to December 1 from September f. Mr Kesting said a september f. Mr Kesting said tember f. Mr Keating said a pro-tember f. Mr Keating said a pro-dected further cut to 49 per cent Mr Keating is also hoping to jected further cut to 49 per cent achieve some measure of wage would go shead as scheduled next moderation. That would help to restore international competitiveness.

Mr Keating said assumptions unleum products tax, sales tax rises on a range of goods including luxu-

further restraint on wages.

# Moscow Israelis of arrogance at talks

By Our Correspondent in Moscow and Tony Walker in Jerusalem THE SOVIET Union yesterday curt-

y dismissed its talks with Israeli officials in Helsinki on Monday as a session that led nowhere because of 'arrogant" and imjustified Israeli insistence on discussing the fate of 2m Soviet Jews.
Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman,

said there were no plans for future meetings between the two sides, who talked for just 90 minutes in their first discussions for 19 years. Israel, however, is still saying that there will be further diplomatic contacts, and Western diplomats have emphasised that the most

significant event was that the talks

Moscow had been far more muted than the Israelis about the meeting since it was announced earlier this month. Mr Gerasimov repeated that Moscow went for exploratory talks on bow to give consular assistance to Soviet citizens in Israel and to discuss the property bold-ings of the Russian Orthodox

church there. He said the Israelis overstepped the intended scope of the discus-sions by raising questions concerning Middle East tension and the nigration of Soviet Jews.

Mr Gerasimov denounced Israe li's Foreign Minister, Mr Yitzhak Shamir, for saying in Jerusalem on Monday that his country had "valuable property" in the Soviet Union in the form of more than 2m Soviet Jews.
Soviet Jews had not authorised

Mr Shamir to speak for them, Mr Gerasimov said. He branded Mr Shamir's statements as "a perversion of the question" and "very arrogant interference in the internal affairs of the Soviet Union."

Since Soviet Jewish emigration fell from a peak of just over 51,000 in f979 to about 1,000 for each of the last three years. Soviet authorities have been more adamant than ever that Jewish emigration is not the concern of foreign governments. Moscow has increasingly argued that emigration in great numbers is no longer necessary because most by firm. Indeed, with government Jewish families split up by the Second World War have been reunit-

The Israeli Government had come under strong pressure to raise the emigration issue at the Helsinki meeting. Mr Anatoly Shcharansky the dissident freed in a prisoner ex change this year, was among those who insisted that the issue of Soviet

Jews should be aired. Mr Gerasimov said the Israeli side had asked Moscow for a reciprocal visit to the Soviet Union if they allowed Soviet officials to come to Israel to inspect property claimed by the Orthodox church.

### Maxwell in investment trust bid talks

Continued from Page 1

Most notable, however, is its I. per cent stake in Beecham, the troubled pharmaceuticals group where Lord Keith in a recent boardroom coup ousted Sir Ronald Halstead, the chairman.

The Beecham bolding accounts for 15 per cent of Philip Hill's assets, a figure regarded as danger-ously high by many analysts. The weakness of the Beecham share price has contributed in large measure to the poor performance of Philip Hill in recent months and prompted growing sharebolder un-

Barclays de Zoete Wedd, the fi nancial conglomerate, last month put forward a plan for the trust's investments to be changed to mirror more closely the stocks in the US equities indices. That proposal had the backing of the owners of 56 per cent of Philip Hill's shares, includ-ing Eagle Star Insurance, the Na-tional Coal Board pension funds and the Kuwait Investment Office.
Philip Hill has been attempting

tive to that plan in the shape of a company which would launch a more attractive takeover bid. Mr Maxwell emerged yesterday as a "white knight," although the two sides were continuing discus-

in recent weeks to find an alterna-

sions throughout the day on the exact terms of the BPCC bid. Takeover bids for investment trusts are usually priced in terms of a percentage of the target company's net asset value. BPCC is expected to make a share offer worth between 105 and 107 per cent of

Philip Hill'a net asset value with a

cash alternative worth about 97 per Philip Hill valued its assets at 337p a share on July 2f this year. Its shares were suspended yester day at its own request at 323p, valu-ing the trust at c312m, while BPCC was suspended at 298p. THE LEX COLUMN

# Standard lowers in the East

Having published its four-monthly figures in the midst of its defence against Lloyds Bank, Standard Chartered must have bad a figbting chance of meeting the market's expectations at the interim stage; but it missed. The misfortune to be trading where currencies are weak or worse, and a veritable collapse in profits from its Far Eastern patch, left pre-tax profits 2 per cent down at £131m, and only a reduction in the tax charge of f7 per cent left room for a decent increase in earn-ings - though not by the standards of Lloyds.

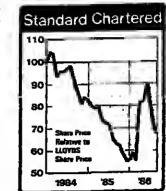
The question is no longer whether Lloyds is well-shot of its bid, but what the Far Eastern investors, elected yesterday to the board, think they will get out of it. The provision against shipping in Hong Kong and the various Singapore sbenanigans reduced Far Eastern profits by 80 per cent and accounted for all of the 50 per cent increase in specific provisions. In the space of two years an important source of Standard's profit has all but vanished and it is hard to see whether, on its own efforts, Standard can restore its business from sluggish economies. Meanwhile, profits from Africa bave halved through a mixture of falling currencies and reduced exposure, but Standard has not made provisions against its South African cross-border book.

The new preponderance of lowtaxed UK earnings may yet leave room for an increase in the divi-dend a little better than the 15 per cent promised; but despite the yield support, and those inscrutable Far Eastern board members, the share price fell 15p to 722p.

#### Australia

The foreign-exchange markets were so alarmed by Mr Keating's talk of banana republics that they still need some convincing. Yesterday's budget, a piece of unparal-lelled austerity by Australian stan-dards, was good for only 0.5c against the US dollar, which has its own worries about economic

After the gyrations from the Treasurer's office of recent months, the budget measures were eminent-



cent

If that sounds good news for the bond market, a great deal is still be-ing demanded: the trades unions may prove resistant to real wage cuts while any further deterioration in Australia'a terms of trade would choke off the benefits of devaluation almost before they work through to the current account. The Treasury may have rescued the rating of government issues from engrading for the moment; but for UK investors, a real yield of 5 per cent can be found rather nearer home, and without the exchange

#### Philip Hill On Monday BPCC's executives of interest and justify a sense of

told anyone who would listen that pride in the continued success of as a direct share for share acquisi-tion. The alternative prospectus is that the US deal will be genuinely cash financed and that the Philip Hill assets will be disposed of grad-trades make up 30 and 28 per cent

to see even Mr Keating's 2.5 per Barclays de Zoete Wedd. From here been that way inclined.

on the choice appears to be between an underwritten cash offer at a discount of about 2 per cent to net as-set value, or BPCC paper at what may be a temporary premium of about 6 per cent. The institutions who hold the strings at Philip Hill are likely to be the same ones who will have to do the decent thing when it comes to underwriting an-other big issue of BPCC shares. Whatever happens the Pergamon Foundation should retain control of BPCC white avoiding the demands on Lichtenstein cash flow that a rights issue would have entailed

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#### Foreign exchange

The adjective big barely hints at market workdwide. Totting up turnover figures for the three largest trading centres alone and multiply-ing by the business days of the year produces a feeling akin to an individual soul contemplating the universe. Yet the volume of information about the market has been quite the opposite. It may even come as a surprise to some participants that, according to the Bank of England's first survey on the market, turnover in London averages \$90bn a day, far more than the value of transactions in New York or Tokyo.

The data the Bank produced are

its imminent big acquisition in the the market against tough competi-US would not involve the issue of tion. But they hardly pass the "so shares. Yet the proposed acquisition what?" test and have little use beof Philip Hill Investment Trust will youd giving the Bank a better grasp probably require the printing of as of the basics of the market. It would much BPCC paper. as a 2-for-5 have been difficult to extract more rights issue. BPCC may be planning from the questionnaire's respondto fund the US acquisition with borents without overburdening them. rowings which can then be repaid and perhaps next time the quesby the sale of the eminently blue- tions could go further. The survey chip Philip Hill portfolio, which se- by the Federal Reserve Bank in mantically at least is not the same. New York at least has the charm of ually to fund other targets such as of gross turnover respectively will hardly produce a change in inter-It looks as though BPCC is on the vention policy. What such figures verge of getting unconditional ac-ceptances to the deal from a majori-by central banks to support or drive ty of the Hill sharebolders. They down a currency will usually have presumably have decided that they little effect in itself. The \$10bn spending set to show no growth in want to take cash or BPCC paper spent in six weeks of concerted acreal terms, and sales taxes and a now rather than to liquidate an intion last autumn to bring down the delay in tax cuts likely to take their dexed Philip Hill trust in five years' dollar would have vanished without toll of consumer spending, it is hard time, as was earlier proposed by trace if the market had not already

# Inheritance Tax

the new C.T.T.

The tax bill remains much the same: on a taxable Estate of £250,000 the Inheritance Tax will be £74,000 compared with

The difference lies in the planning, for those who can afford to give away substantial sums-and can expect to live 7 years-there will be useful savings. The problem is that this only applies to gifts without reservation of benefit which means that retaining the rights to future income or recovery of capital is out. Giving away a house whilst still living in it will now be very difficult.

This is essentially the same position as before 1974-indeed a number of the rules that applied under Estate Duty are being reintroduced. This does not mean that you cannot both maintain your income and save tax: you can,

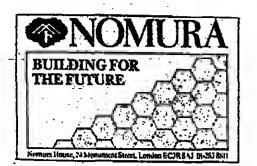
Thomson's have had long experience of both Estate Duty and CTT planning through all the changes in legislation and are therefore ideally placed to advise on the current mixture of the two. We are entirely independent and can therefore select the best scheme to suit your particular circumstances.

Please write for our booklet.

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Not applicable to Eire ...... (Wife)



# SECTION II - COMPANIES AND MARKETS **FINANCIAL TIMES**

Wednesday August 20 1986



# Sara Lee unveils \$131m bid for Nicholas Kiwi

SARA LEE, the US food and house- er, dismantied local equity require- fierce contest with Reckitt and Colhold products group, yesterday unments for the manufacturing sector veiled plans for a A\$210.5m as part of a package of measures— (US\$131.7m) takeover of Nicholas Kiwi Australasia in the first foreign bid since the Canberra Government relaxed investment rules late last

The Chicago company already owns Nicholas Kiwi's operations outside Australia and New Zealand, bought for A\$377m two years ago, and has an existing 14.9 per cent stake in the Aspro painkiller and Kiwi shoe polish maker. Sara Lee said the deregulation

business of the US group, then called Consolidated Foods.

Three weeks ago Mr Paul Keat-ing, the Australian federal Treasur-

ahead of yesterday's budget - de-signed to stem the slide in the Australian dollar

The A\$3.80 a share bid price has the endorsement of the Nicholas Kiwi board and values the whole of the company at some A\$247.4m. This is more than 22 times the A\$11.1m net earnings for the year to June which the Australian company said yesterday it had soon been due to report.

Sara Lee said the deregulation measures allowed it to fulfil a long-held wish to take full control of Nicholas Kiwi. This followed the 1994 deal which helped transform the liverings of the IIS group then cholas Kiwi International was stripped out, and June 30 of that

Sara Lee won the earlier deal in a

man of the UK, which entered as a

Mr Brian Healey, Nicholas Kiwi's chief executive, said Sara Lee was now effectively buying two things. the Australasian businesses and the executives who manage the offshore assets Sara Lee had already

The Nicholas, Ramsay and Wicking families are estimated to control more than 40 per cent of the company and stand to make more than A\$100m if they accept the Sa-

Family members are included on the Nicholas Kiwi board, which yesterday recommended the offer to sharebolders. It remains subject to approval under the Foreign Takeovers Act although no opposition is

erating results and need to con-serve cash." Deere's shares fell by \$% to \$25% in early trading Deere's worldwide sales fell by 5 per cent to \$973m in the latest three months. Production fell by 13 per cent in the quarter, and North American farm equip

production was down by 22 per cent. For the full year worldwide production is scheduled to be about 11 per cent lower than last year and 23 per cent lower for North American farm equip-"Our operating results in 1986 reflect the effects of the continuing steep downturn in demand for farm equipment in North America," said Mr Robert A.

**Deere** 

losses

mount to

DEERE, the world's leading farm

equipment manufacturer, lost \$39.6m, or 58 cents a share, in its

third quarter and now seems cer-tain to report its first annual loss

The latest loss in the three

months to end-July boosted its deficit for the first nine months

to \$107.4m, or \$1.58. Deere earned \$30.5m, or 45 cents, in the

year ending October 31 1985 and earlier this year cut its dividend

for the second time since the on-

set of the slump in the US farm industry. It blamed the "current

pressure on the company's op-

\$107m

By William Hall In New York

Hanson, Deere's chairman, "Industry retail sales of large tractors, combines and other implements have been significantly lower again this year. Industry retail inventories remain high, and price discounting in the marketplace remains extremely intense. The industry still has considerable excess compared with current levels of retail demand," he added.

**NOBISKRUG FILES FOR PROTECTION AGAINST CREDITORS** 

# Shipbuilder's last effort

BY RUPERT CORNWELL IN BONN

THE CRISIS in the West German has developed a wide product an agreed solution with its creditors shipbuilding industry bas claimed the Nobiskrug yard at Reodsburg in the state of Schleswig-Holstein to file for protection from its creditors, in a last effort to avoid bankruptcy. Nobiskrug's application for Ver-

gleich or compositioo proceedings was disclosed yesterday by Mr Al-fred Lausch, the head of the local branch of IG Metall, the engineering workers union. It comes little more than a month after a similar move by the Harmstorf group, which has three yards on the north German coast.

With a capital of about DM 10m (\$4.8m) and about 1,150 workers at its base on the Kiel canal, Nobis-mergers and further job losses. krug is a typical medium-sized West

range, stretching from tankers to another victim, with the decision of roll-on roll-off vessels, ferries and container ships. Like Harmstorf, however, it has

been unable to cope with the drastic fall in new orders, estimated for the whole German shipbuilding industry at between DM 500m and DM 600m this year against DM 2.2bn in 1985. In the virtual absence of new work, Nobiskrug bas bad to rely oo repair work to keep its employees

The prospect that other yards will also bave no alternative to closure has forced state governments in northern Germany to prepare a new rationalisation plan, involving

Vergleich proceedings in effect

- provided that its assets are equivalent to at least 35 per cent of the claims upoo it.

 Sea-Land, the big US contaioer shipping line which is being taken over by CSX, the railroad and resources group, bas reported a second-quarter net loss of \$49m, due mainly to cootinued erosion in rates and severe overcapacity in the Atlantic, its second-largest market, writes Our Financial Staff.

year earlier of \$16.8m, or 71 cents a sbare, and also includes \$21.4m in pre-tax merger-related expenses For the first six months of 1986, the company recorded a oet loss of

### \$59.3m compared with profits of German yard, which in recent years buy time for a company to work out \$21.8m. or 93 cents a share. Carter Hawley Hale leads the

# field as earnings rise 50%

BY OUR NEW YORK STAFF

CARTER HAWLEY HALE, the Los creased by 3 per cent to \$1.78bn Angeles-based US department store from \$1.71bn. group, yesterday reported a 50 per cent increase in second-quarter net ment store group which recently earnings, due to higher gross mar- agreed to buy 10 Gimbels stores gins and tight expense control. In contrast, second-quarter profits fell at Allied Stores. Dayton Hudson,

and Associated Dry Goods. Carter Hawley, the sixth-largest US department store chain, said net earnings for the fiscal second-quarter had grown to a record \$11.6m, or 20 cents a share, from \$7.7m, or 1 cent a share, in the year-ago period on sales which increased by 4 per cent to \$890.8m from \$858.7m. Excluding Holt Renfrew which was sold in early April this year, Carter Hawley said sales increased by 6

per cent The latest quarterly results lifted fiscal first-half net earnings to \$26.1m, or 56 cents, from \$19.3m, or 22 cents, a year earlier. Sales in- rose from \$3.8bn to \$4.2bn.

from BAT Industries of the UK, second-quarter profits fell from \$31m, or 73 cents a share, to \$17.7m, or 38 cents, but the 1985 period includes a 41-ceot oet gaio on a property sale, offset partially by a consolidation

For the first six months, net earnings were \$38.4m, or 82 cents, against \$48.2m, or \$1.14, while sales rose from \$1.77bn to \$1.9bn.

Dayton Hudson, the Minneapolis-based discount and department store retailer, said second-quarter net earnings fell from \$40m, or 42 cents a share, to \$38.7m, or 37 cents. The six-month profits total emerges at \$75.3m, or 77 cents, against \$73.4m, or 76 cents, while revenues

The company said second-quarter operating profit increases at its Tar-At Allied Stores, the large depart- get and Dayton Hudsoo Department Store units were offset by substantially lower profits at Mervyn's, a clothing retail chain in the western US.

The profits fall was more marked at Associated Dry Goods, which is due to be takeo over by May Department Stores for about \$2,5bn. The second-quarter return fell to \$2.96m, or seven cents a sbare, from \$14.5m, or 36 cents, taking the six-month total to \$8.4m, or 21 cents, from \$23.9m, or 60 cents. Sales advanced from \$1.9bn to \$2.03bn.

A better performance was reported at Federated Department Stores which lifted second-quarter net from \$25m, or 51 cents, to \$34.5m, or 70 cents. Six-month earnings advanced from \$75m, or \$1.54, to \$81.9m, or \$1.67, while sales rose from \$4.38bn to \$4.56bn.

# Hewlett **Packard** earnings rise 6%

By Louise Kehoe in San Francisco

HEWLETT PACKARD, the US electropics and computer manufacturer, reported a 6 per cent rise in ending July 31, with revenues up 11 per cent.

Earnings for the quarter totalled \$123m, or 48 cents a share, com-pared with \$117m, or 45 ceots, during the third quarter of 1985. Revenues totalled \$1.79bn, up from

1.61bn last year. Orders placed during the quarter were up 25 per cent over the same period last year, the company said. Revenue from US operations was \$957m, up 3 per cent from last year while international revenue totalled

\$837m, up 23 per cent. For the nine-month period, HP reported net earnings of \$359m, or \$1.40, down I per cent from the \$362m, or \$1.41, earned in the first nine months of 1985. Revenues were \$5.17bn, a 7 per cent iocrease over reveoue of \$4.82bn last year.

### Unilever builds up stake in Naarden

By Our Amsterdam Correspondent

UNILEVER, the Anglo-Dutch con-sumer group, bas built up a stake of almost 33 per cent in Naarden, the Dutch fragrances and flavourings company with which it is holding takeover talks.

Unilever announced on Monday that it was in negotiations with Naarden aimed at a possible £110m (\$164m) bid for the fragrances group which bas made a weak start to trading in 1986.

Naarden's net income dropped 19 per cent to Fi 11.2m . (\$4.8m) in he first half. Sales fell 5 per cent to Fl 337m in the first balf,

### Safeway cuts 300 jobs at headquarters

By Our San Francisco

SAFEWAY Stores, the giant US supermarket chain, laid off 300 workers at its Oakland, California, beadquarters on Monday in what is seen is the beginning of major cost-cut-

Last month the company agreed to a \$4.1bn leveraged buy-out with Kohlberg Kravis Roberts, the investment bank, that leaves it with Reacting to the possibility of fur-

ther layoffs, the union representing

Safeway's 117,000 US store clerks

and meatcutters threatened strikes

and boycotts to protect members' So far, no store employees-have been fired since the buy-out, but in-dustry analysts are predicting ma-

# **Edelman sweetens** offer for Fruehauf

BY PAUL TAYLOR IN NEW YORK

THE BITTER five-month battle for peated its earlier offer. This procontrol of Fruehauf, the Detroit movides for a joint tender offer for up tor vehicle company, appeared to 17.5m shares at \$48.50 a share in close to resolution yesterday as a cash and a package of securities special committee of independent valued at the same price for the redirectors assessed two competing fi- maining shares. nal bids.

from an investor group led by Mr Asher Edelman which appeared to top an earlier competing \$48.50-a-share leveraged buyout bid led by Merrill Lynch, the Wall Street secu-

rities firm, valued at \$1.1bn.
Fruehauf, which had set a deadline for final bids from the two groups, noted that the Edelman group had increased fits bid to acquire the company while the Mer-

According to Fruehauf, the Edelthat it had received a sweetened bid complex deal involving a first stage under which up to 10.9m shares would be acquired at \$49.50 a share in a joint tender with Fruebauf—with the company providing \$180m and the Edelman group providing \$445m for the share purchase.

Under a second stage the remain ing shares would be purchased by the Edelman group for either \$51 a share In cash or a package of cumu rill Lynch group, which includes se- lative exchangeable preferred stock nior Fruehauf management, had re- with a face value of \$51 a share.

July, 1986



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# INTL. COMPANIES and FINANCE

Terry Dodsworth on reaction to Araskog's policy of streamlining

# Wall St warms to ITT-CGE deal

WALL STREET has reacted some of ITT's 141m shares had swiftly and unequivocally to been created for acquisitions—that this was an option under acd said that many of the companies bought in this way had with CGE of France. Within a week of the announcement of The deal also provides

The deal also provides swiftly and unequivocally to ITIT's dramatic merger of its elecommunications division with CGE of France. Within a week of the announcement of the company's strategic switch, the shares shot up by 27 percent, and at their current price of just under \$54 a share, they have begun to recapture some of the lustre of the great years of Mr Harold Geneen's chairmanship of the group.

Mr Rand Araskog, the present chairmanship of the group.

Mr Rand Araskog, the present chairmanship of the group.

Mr Rand Araskog, the present chairmanship of the group.

Mr Rand Araskog, the present chairman has emerged ebt will flow out of ITI's consolidated balance sheet and be

seot chairman, has emerged from a long struggle in Mr Geneen's shadow to attract plaudits of his own. It is tempting to see this response as a reflection partly of the current fads of the investment com-

The agreement renresents e in a period of acute scepticism over conglomerates; it over conglomerates; It diminishes the group's dependence on manufacturing; it makes financial services a more important element of ITT's make up; and it gives the comnany the cash to go out and huy hack some of its shares. In short the deal could hardly have appealed more to Wall Street's present preoccupations.

Mr Araskog has shown him glomeration will continue. Fur-

Mr Araskog has shown him-self to be acutely sensitive to the way the stock market thinks these days. Without giving these days. Without giving away too much about his longer term strategy, he hes stressed to investors the following points about the CGE agreement.

The \$1.5bn of cash that the group will receive from the transaction will be partly used to buy back shares—a favourite way these days of giving shareholders a tax-efficient bonus.

At a news conference in New York Mr Araskog would not

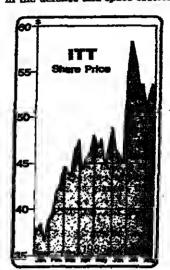
debt will flow out of ITT's consolidated balance sheet and be
taken on by the new, jointlyheld telecommunications company, in which ITT's 37 per
cent stake will be accounted for
under the equity method, ITT
does not expect to take a writeoff on the transaction.

All in all, these changes
could reduce the company's
debt to total capital ratio to
little more than 30 per cent
against 36 per cent at the end

 Restructuring and decon-glomeration will continue. Furglomeration will continue. Fur-ther sales were planned, said Mr Araskog, including the forest products operation if the group could find a buyer. At the same time, although there would be acquisitions, nothing major was planned. Far a company of ITT's size (sales of \$20bn last year, including insurance and the tele-communications activities earmarked for change), a hig take-over, said Mr Araskog, would be anything over \$500m and the company would not be going for anything of that size.

York Mr Araskog would not say how many shares would be acquired, but he noted that the group had been a heavy issuer of shares for acquisitions—he ance group by putting out some estimated that between 25m and of its shares to tender. There had

There should also be a fairly immediate boost to profits and cash-flow from the deal. On the cash-flow from the deal. On the profits side, there will be the impact of losing a huge division which was performing very hadly. On sales of \$1.7bn in the second quarter of this year, the telecommunications division generated income of just \$3m, and that was only due to profits in the defence and space sector.



In the first six months of this year, telecommunications earned just \$10m on sales of \$3.2bn. just \$10m on sales or \$1,20m.

Research expenditure, a heavy drain on ITT during the development of the System 12 switchgear, will also be cut—from around \$1.1bm a year to \$550m—while the headquarters staff involved in helping run

foreign currency swings, one of the big factors in its deteriorat-ing financial performance over

ing financial performance over the past three years because of the concentration of its telecommunications business in Europe. And interest charges will go down.

In addition, cash will be conserved by a sharp fall in sabital expenditure to between \$350m and \$400m from \$400m budgeted for this year and \$576m in 1965. Finally, the telecommunications group would not be demanding any more investment from ITT for at least two years, said Mr. Araskog. He did not elaborate on what might be required after that period, beyond saying that investment might be required in the office equipment field, but clearly in the immediate future there should not be a cash drain on the parent company.

on the parent company.

The conclusion of the transaction, added Mr Araskog, should give ITT a flexibility it had never had in his time as chairman. But what will he do

chairman. But what will be do with it?

Many analysts in New York would like in see him move much more positively into financial services. ITT Financial, a leading lender to consumer and commercial customers, has proved a sparkling performer in recent years, generating a return on equity of almost 20 per cent. In the first half of this year, the financial services division made by far the biggest profits contribution to the group, with earnings of 379m against \$55m in insurance (now recovering from the plange in underwriting), and \$41m in automotive components.

automotive components.

If Mr Araskog agrees with this proposed strategy, he is not publicly admitting it. He says from around \$1.1bn a year to that he wants the group to constant involved in helping run telecommunications division reduced from its present level of 900. The company will, in munications.

#### **Showa Denko earnings** Specialists in the Recruitment of fall 39% in first half Senior Level Secretaries and Administrative Assistants

BY YOKO SHIBATA IN TOKYO

Japan's leeding integrated chemical companies. has reported a 39.2 per cent decline in pre-tax profits to Y4hn (\$25m) in the June half-year, which it blamed on falling sales and lower chemical product prices, caused in turn by the lower oil price.

Sales dropped 14.6 per cent to Y154.1bn, due partly to lower carbon sales to steel-makers. Sales of petrochemical products were sluggish in both volume and prices.

For the full year, pre-tax profits are projected at Y10bn, down 6.4 per cent, on a 12.5 per cent dip in sales to Y370bn. The relatively small earnings fall expected, despite a continued drop in turnover, is attributed to the improvement of the company's financial position, thanks to falling interest rates.

second largest maker of car tyres, suffered a 58.3 per cent fall in pre-tax profits from 12.32bn to Y0.97bn in the first half to June. Net profits at Y107.55bn was 7.5 per cent below 2 year earlier.

The setbacks were due to lower tyre exports and the rise in the yen which eroded export profitability. Exports of tyres to the Middle East, a major market, plunged by half because of deteriorating foreign currency positions in Iran, Iraq and other countries.

Full-year sales are projected at Y2.25bn, down 6.7 per cent, and pre-tax profits at Y2.7bn, a fall of 17.2 per cent from the previous year. The dividend is to be maintained at Y4.

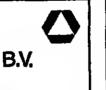
DENKO, one of Yokohama Rubber, Japan's leeding integrated second largest maker of car companies. has tyres, suffered a 58.3 per cent tyres, suffered a 58.3 per cent

BANQUE INDOSUEZ-

19th August, 1986 to 19th November, 1986

Bankers Trust Company, London

Agent Bank



#### Dresdner Finance B.V. Amsterdam

DM 500,000,000.-Floating Rate Notes 1985/1990

on November 20, 1988, the relevant interest Payment Date, intorest payment Date, intorest per Note of DA 10,000 ornicipal seniount in the amount of DA 118,19 and interesper Note of DA 250,000 in the amount of DM 2,954,86 is due.

Frankfurt am Main, In August 1986

Dresdner Bank

Dresdner Bank Group



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THE DUNCAN GROUP INC.

Melba J. Duncan, President

575 Fifth Avenue, New York, New York 10017 212-972-5766

the Notes will carry an interest rate of 61/2% per annum and coupon amount of US\$166.11 per US\$10,000 note, and US\$4152.78 per US\$250,000 note

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Malayan Banking Berhad

US \$60,000,000

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In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest for the period from 20th August 1986 to 20th November 1986 has been established at 67/4 per cent. per annum. The interest payment date will be 20th November 1986. Payment, which will amount to US \$4,112.85 per Certificate, will be made against the relative

Agent Bank

Bank of America International Limited

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US \$50 million

**Guaranteed Floating Rate Notes 1991** 

unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

**KLEINWORT, BENSON, LONSDALE pic** For the three months 20th August 1986 to 20th November 1986, the Notes will carry a Rate of Interest of 61/10 per cent. per annum with a Coupon Amount of US \$ 82-26

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Interest payable on the relovant interest payment date, 20 November, 1986 against Coupon No. 18 will be U.S.\$16292 By: CITIBANK, N.A., London Agent Bank

£100,000,000 Guaranteed Floating Rate Notes due 1991 Citicorp Overseas Finance

Corporation N.V. poroted with arrived inshirty in the Netherlands Antilles) Unconditionally guaranteed by

CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 911/16% and that the interest payable on the relevant Interest Payment Date, November 19, 1986, against Coupon No. 11 in respect of £50,000 nominal of the Notes will be £1,236.64 and in respect of £5,000 nominal of the Notes will be £123.66.

August 20, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBAN(

### U.S. \$200,000,000 First Chicago Corporation

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the next Interest Peried has been fixed at 6.2875% per annum.

The Coupon Amount payable on the 19th November, 1986 will be US\$160.68.

Manufacturers Hanover Limited Agent Bank

PREMIER GROUP HOLDINGS
LIMITED
USS.ST.000,000
Hooding Rate Notice due 1999
NOTICE IS HERESY GIVEN that the
Rate of interest for the second subperiod as Coupan Na. 5 has been found
of 6/1/1/2 p.a. and that the interest payable in respect of U.S. 510,000 nominal
of the Notes will be U.S. 516.7.1. The
total amount due for Coupan Na. 5
dies November 20. 1984 will be due November 20, 1786, will be 125.\$359,38. CITEANK, N.A.

### IMPALA PLATINUM HOLDINGS LIMITED

(incorporated in the Republic of South Africa) Reg. Ne. 57/01979/06

PRELIMINARY PROFIT STATEMENT AND DECLARATION OF FINAL DIVIDEND

The unaudited consolidated results for the year ended 30 june 1986 are as follows: Year ended 30 june 1986 1985 R000 R000 23.9+ Consolidated profit ... 234,217 Less: Taxation and lease consideration ..... 97,405 Profit after taxation and lease consideration ...... 192,704 33.4+ Transfer to reserve for expenditure on mining assets 110,008 72.0-Dividends to shareholders

Earnings per share (cents)

Dividends per share (cents) 13.17

in order to evaluate the results of the company's operations during the year under review the undermentioned factors should be borne in mind:—

1. The after tax profit for the year was adversely affected by an estimated R45 million as a result of the work stoppage at the company's mines in January.

A substantial part of the company's output is sold in terms of long-term contracts which insulate the company from the cost and/or benefit of market and exchange rate fluctuations but which do protect revenue against cost escalation. Provisions for taxation and lease consideration were reduced by the continued high level of capital expenditure of R110 million for the year under review (1985; R91 million of which

Final Dividend declared on 19 August 1986 — Payable on 8 October 1986 Amount per share 100 cents - Currency conversion 29 September 1986

Copies of the full Preliminary Report and Dividend Declaration may be obtained from the London Office, 30 Ely Place, London ECIN SUA

But the state of t

# INTERNATIONAL COMPANIES AND FINANCE

# Diamond market recovery lifts De Beers at midway

REFLECTING the recovery in been built up in order to short of hrokers' expectations, the world diamond market, prefinance a big stockpile of tax profits of South Africa's unsold rough diamonds.

De Beers Consolidated Mines

During the half year long and made from the stockpile; a more made from the stockpile; a more

of the state of the

A feature of the latest results is the reduction made in the group's borrowings, which had R447m, the improvement fell the current half.

De Beers Consolidated Mines for the first half of this year rose to R707m (£180.7m) from R503m a year ago.

At net altributable level, before extraordinary items, they were R425m, or 118 cents pec sbare, against R353m for the same period of last year

were R425m, or 118 cents pec sbare, against R353m for the same period of last year
Tbs interim dividend has heen raised to 20 cents from 15 cents. Last year's final was 40 cents.

A feature of the latest results is the reduction made in the

# GFSA increases profit by 30%

BY OUR JOHANNESBURG CORRESPONDENT

led to a rise of almost 30 per cent in pre-tax profits at Gold Fields of South Africa (GFSA), the 48 per cent - owned associate of the London-hased Consolidated Gold Fields group's managed mines have led to a rise of almost 30 per Consolidated Gold Fields.

Investment income increased to R265.2m (\$101.1m) in the year just ended cents these two mines together conyect to June from R210.0m, while income from management to GFSA, equivalent to almost cents.

HIGHER rand gold prices and fees and interest cose to two thirds of the total.

an increase in fees from the group's managed mines have GFSA is proportionately the start on the new Ribn Northern

try's two bighest grade gold Earnings increased to 319 mines. In the year just ended cents a share from 246 cents these two mines together contributed dividends of R151.6m raised to 160 cents from 120

### Bougainville Copper ahead

BOUGAINVILLE COPPER, the Australian controlled Papua New Guines producer, boosted net earnings 21 times in the first haif to June, reaching 22.31m kina (\$22.8m) against K8.05m, as it drew beoefit from increased production and bigher prices for the gold which it also

4.74.5

Copper prices, as US\$0.64 per pound, were at their lowest level since the 1930s but were offset hy a rise in the gold price to \$343 an ounce for the first half against \$310 for the first balf of 1985, Bougainville

# Rise at Impala Platinum

SOUTH AFRICA'S Impala heginning of this year which hit

Platinum Holdings has lifted production. earnings for the year to June 30 by 33.4 per cent to R192.7m (£49.2m), or 334 cents per share, from R144.4m in 1984-85. The final dividend, however, is unchanged at 100 cents to leave a maintained total of 135 cents.

lucreased earnings by 64.6 per cent with buoyant prices for platinum hoosted by the decline in the rand against the US Impaia, however, suffered a tect revenue against major labour strike at the escalation.

Aithough earnings for the previous six months had doubled the company warned that those for the full year would not he "significantly hetter."

The strike reduced net profits In the same period the rival for the full year by an esti-Rustenburg Platinum Holdings mated R45m It is also stated that a sub-stantial part of the company's production is sold under long-

term contracts. These insulate dollar in which metal sales are Impala from price and exchange rate fluctuations but do not pro-

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### STRAIGHTS | Issued Amer. Ex. 0s. 0v. 0 91.45 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188 | 188

St. FRANC | Second | Bid | Orfer | LIGHTS | Cap. Carpa, 52, 94 | 238 | 2180 | 2183; | 1834; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; | 1835; |

700 STRAIGHTS | passed #14 6777 | Am. Exp. Oc. Cr. Sq. 42 | 20 912 | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on August 19 Consider Pac. 104, 90 CS. 73
Chryster Corps. 10 91 CS. 73
Chryster Corps. 10 91 CS. 75
Censtar File. 114, 95 CS. 75
GMAC 94, 92 CS. 75
Constar File. 114, 95 CS. 75
Constar File. 114, 95 CS. 75
Constar File. 114, 95 CS. 75
Constar File. 117, 97 NS. 75
Constar I 712, 97 NS | 1972 | 100 | 1975 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1755 | 1 

| Carrier | Carr FLBATING NATE.

ROTES Spread
Alliance & Leic. Bidg. £ 94 0.08
Bank of Montrain 98 0.05
Barclays Bank Perp. 2 045
Berclays Bank Perp. 2 045
Berglam, Kingdom of 91 0
BNP 54 95 0.05
Britannia S 93 £ 04
CCF 574 97 0 

· No Information available—previous day's price. † Only one market maker supplied a price.

Straight Bouds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of corrency units except for Yen bonds where it is in billions. Change on week—Change over price a week earlier. Flenting Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dite—Date next coupon becomes offective. Spread—Margin above six-month offered rate (Advanced Coupon and Coupon States) for Its delicate. Coupon becomes offective.

(\$ three-mosts; \$ above mean rate) for US deliars, C.cpn=The Convertible Bends: Denominated in dollars unless otherwise Indicated. Chg. day=Change on day. Crv. date=First date for conversion into shares. Crv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at Issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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### Sappi plans equity issue to reduce debt burden

SAPPI, ONE of South Africa's two major pulp and paper makers, plans to na ructure its balance sheet with a R200m (\$76.2m) issue of new equity capital which will be used to reduce the company's debt burden.

At the end of June Sappi had total sharebolders' funds of R907m and long-term borrowings of R944m. It is now to issue preferred ordin-ary shares at R14 each on a one-for-four basis, oc one-for-10 in the case of participating

preference shares held.
The capital cestructuring comes in the wake of th cecent resignation of Mr Basil Landan, the chairman, who beaded the company during its recent expansion which New production facilities at the Ngodwana mill in the Eastern Transvaal have had severe teething problems and the directors say that its operating performance was disappointing in the first half of this year because steam and electrical power supply difficulties frequently dis-

rupted the mill's operations. Higher domestic and export prices combined with Ngodwana's additional output to lift first-half sales by 60 per cent to R461m. Pre-tax profits rose to R28.7m from R5m.

Mc Tom De Beer, the new chairman, says domestle demand foc paper has improved as customers are no onger ceducing Inventories. He expects the improvement to be maintained and export earnings to benefit from strongec world demand and higher international paper prices, Ngodwana's technical problems have been resolved, and be believes that Sappi will generate a significant increase in earnings during the second half.

Earnings were 26.2 cents per ordinary share in the first half against a deficit of 55.1 cents. An ordinary dividend has again not heen

### Australian law change prompts Allianz sale

By David Brown in Frankfurt ALLIANZ, 'West ' Germany's leading insurance group, bas agreed the sale of its wholly-nwned Australian subsidiary Allianz Insurance Company Manufacturers

tralia's leading insurers, for an unspecified sum. The chief reason elted by Allianz for the move is a new Australian law which brings workers' compensation insurprivate industry, under state control.

(Sydney) (MMI) one of Aus-

The regulations will pre-vent Alianz from developing these activities, which generate about 40 per cent of its A536.3m (US522.7m) annual premium Income. Othec aetivities include industrial and private property insurance.

### Italian group buys UK paper cup maker

By Our Financial Staff FINSEDA, the Italian packaging group, has acquired Aston and Full, a leading UK

Aston and Full, a leading UK producer of paper emps with sales last year in excess of £2m.

The Italian group, a privately - owned company based in Naples, bas purchased Aston from the Lawson Mardon group, formerly part of the BAT Industries tobacco and foods group.

group.
The deal provides Finseda with its first manufacturing, base in the UK and it reloforces the group's position as nne of the largest producers of papec enps in Europe.
Finseda, which bad sales

last year of around £75m, is also a major supplier to the ice cream and foods indus-tries. It has plants in Belgium and West Germany as well is

#### Bergesen sells stake in Kvaerner By Fay Gjester in Oslo

IN A DEAL worth around NKr 500m (\$68m) Elkem, the Norwegian metals, mining and manufacturing concern, has hought 27 per cent of the Kvaerner heavy engineer-ing group from the Bergesen shipping concern, cutting Bergesen's stake from 40 per cent to 13 per cent.

The sale announced yester-day was reportedly at 'market price" and yesterday the price of Kvaerner shares reached a bigh for the year of NKc 188.

The price had been rising for some time, on rumours— denied by Bergesen's management—that the shipping company was seeking to gain majority control. It could well fall, today, now that the excitement takeover

# DM warrant bond from Benetton

BY CLARE PEARSON

BENETTON, the Italian cloth- seven-year par-priced bond at ing company which launched 2 per cent about 41 per cent an initial public offering of shares in June, yesterday made a DM 200m issue with warrants into 7.8m new shares, meeting an enthusiastic reception from

Yesterday's warrants deal valued each share at L19,800, as opposed to an average share price since official listing in Milan three weeks ago of about L17,300. A price of L10,300 was placed on the shares when lhey were first sold in the international markets. national markets.

If the three-year warrants are fully exercised, this deal will account for about 5 per cent of Benetton's enlarged sbare capital. A similarly sized issue is being arranged in the Italian domestic market, so that, add-domestic market, so that, add-ing in the shares sold by the Benetton family in June, about 20 per cent of the equity has now been reelased on to the market

Lead-manager CSFB-Effectenbank set the coupon on the

2 per cent, about 41 per cent below the coupon that Benelton would have paid for a "straight" fixed-rate D-mark bond. Each bond carries Iwa warrants, one exercisable into five, and one into 190 shares. The bond with the warrants traded as bigh as 114½ yester-

Beoetton is currently substantially expanding clothing production capacity. It also plans to diversify into such areas as financial services.

Elsewhere in the Eurohond market, syndicate managers generally held back from launching new deals abead of the announcement of revised figures for US GNP growth in the second quarter. Bond prices moved about 1 point firmer after the announcement of a 0.6 per cent growth rate. Nevertheless, no new fixed-

rale dollar Eurobonds appeared yesterday. Two floating rate notes (FRNs) were launched,

Late in the day Nomura within 50 basis point fees at International launched an inno- about 99.88 hid. vative Y10bn bond for Kawa-saki Steet based on recent FRNs which pay interest according to a formula wherehy coupon payments rise as London interbank offered rates for Euroyen deposits fall. He predicted that the 1986-87 Kawasaki Steel's 10-year bond Budget deficit would be pays interest on this model for A\$3.5bn, as against A\$5.73bn in

At yesterday's six-mouth yen Libor rate, the par-priced bono would have paid 5.5 per cent. This is lower than the rate on other recent "reverse" FRNs, but is offset by an assured S per cent coupon during the

final five years. Morgan Stanley issued a \$50m FRN for Credit Chimique, the French bank owned by Pechiney, the state natural resources company. The 10- and is callable after three years year deal's coupon was set at at 101.
six month Lihor and it was In the D-mark fixed-rate

Australian dollar Eurohonds firmed slightly on some buying by Australian institutions in London after Mr Paul Keating, the Australian Treasurer, had delivered his Budget speech.

the first five years, and then
pays a fixed cate for the rest
of its life.

At yesterday's six-month yen
At yesterday's six-month yen
At yesterday's six-month yen arranged a private placement for Tokyo Electric Power. The SFr 200m five-year issue has an indicated coupon of 41 pec

cent and a price of par. Terms will be fixed on August 25. Credit Suisse atso issued SFr 80m equity warrants note for the Japanese Sanken Electric. The five-year issue has an indicated coupon of 1 pec cent and is callable after three years

Eurobond market prices moved firmer during the afternoon priced at par. It is callable Eurobond market prices mo after five years. Morgan firmer during the aftern Sianley said it was trading after New York prices rose.

# NMB raises midterm earnings

BY LAURA RAUN IN AMSTERDAM

NEDERLANDSCHE Middenstandsbaok (NMB), the third largest Dutch commercial hank, posted 35 per cent higher profits of Fl 108m (\$46.4m) in the first half of 1986 compared with F1 80m a year earlier. The interim dividend was raised by F1 0.20 to F1 3.80 a sbare. NMB predicted that the "positive trend in results" would continue Of the three biggest com-mercial hanks, NMB put in the

BY OUR NEW YORK STAFF

DAINIPPON INK & Chemicals, the Since then the two groups bave Japanese special chemicals group, been negoniating, and Sun has agreed to pay \$550m cash for turned down several takeover of

Sun Chemical's graphic arts materifers. Earlier this year Dainippon of

als group, as reported in later edi- fered to pay \$425m for Sun's gra-

tions yesterday. The deal will make phic arts materials group or \$75 a
Dainippon one of the world's leadsbare for the entire Sun Chemical

counts for over 60 per cent of the repeatedly said that the Japanese

US group's sales, in June last year. offer was unacceptable

land, the largest, raised profits itself. by a comparatively modest 8 per cent while Amsterdam-Rotterdam Bank lifted net income by 28 per cent.

Commission income rose the most, climbing 17 per cent, while interest income advanced 7 per cent on higher interest rate margins and greater lending activity. Sharp profit growth was reported by Stichting Nederlandsche Middenstands

hest performance for the first Spaachank, the savings hank Fl 290m on healthier con half. Algemene Bank Ncder-subsidiary, and NMB Bank in the Dutch economy.

Turnover rose 10 per cent to Fl 1.08bn largely due to bigger profits from the securities business and operations abroad-

despite the Sharply weaker dollar. Expenditures rose by 13 per cent due to rising staff costs. Gross profits increased hy 5 per cent to Fl 410m. Contributions to general contingencies were pared a bit to Fi 282m in the first half from Fl 290m on healthier conditions

#### Sun Chemical sells unit Study urges rules change for banks By Robert Gibbens in Montreal

STUDY by Coopers and Lybrand. the accountants for the Canadian Federal Department of Finance, says the office of the Inspector Gen eral of Banks needs extensive changes to improve bank supervision and regulations.

Ing suppliers of printing ink.
At functime yesterday Sun that it was not interested in selling that it was not interested in selling but would be prepared to consider an offer of \$600m The study, carried out after the ailure of two banks in western The announcement marks the end of one of the few contested ened its offer on several occasions takeover bids by a Japanese compa- and by early May was offering \$85 a Canada last year, says the Inspector General's office should have a staff of about 73 and "significant upny. Dainippon, which claims to be share for Sun Chemical. But Sun grading of staff policies and prony. Dainippon, which claims to be state for sun Chemical. But sun the world's third-largest producer of put up several obstacles. Mr Norprinting inks, first expressed interman Alexander. Sun chairman, inertia acquiring Sun Chemical's grant phic arts materials group, which action 33 per cent to 47 per cent and grammes is required."

The chain of accountability has to be strengthened, and if this is done, the system should perform satisfac-

### Satisfactory result seen by German bank

By Jonathan Carr in Frankfurt TRINKAUS und Burkhardt, the public share issue for the first time last autumn, raised profits sharply in the first half of 1986 and expects a "very satisfac-tory" result for the whole year.

Partial operating profit jumped by 28.4 per cent to DM 42.1m (\$20.3m) in the group, and by one third to DM 33.2m in the parent bank, compared with one half of the full results for 1985.

Full operating profit, includ-lng results from own account trading, were clearly above the raining, were creatly above the earnings for one half of last year, the bank said.

The figures show that Trinkaus, which is 70 per centowned by Britain's Midland Bank, has had marked success in boosting its profits from in boosting its profits from commissions so that these now

exceed earnings from normal oredit husiness.

Norddeutsche Landesbank (Nord/LB), one of the largest of West Germany's regional Landeshanks, achieved an operating profit in half-year to June of DM 197m—thus matching one half of last year's full

result. The steady profits performance was due to buoyant earn-ings from own account trading. Partlal operating profit dropped because of a cut of 5 per cent to DM 294m in the interest surplus. Commission earnings, at DM 26.5m, were about the same as in the previous year,

This announcement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or purchase, any securities,

U.S. \$250,000,000



# Christiania Bank og Kreditkasse

(Incorporated in the Kingdons of Norway with limited liability)

Floating Rate Subordinated Notes Due 2001

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Citicorp Investment Bank Limited

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Daiwa Europe Limited

**CIBC Limited IBJ** International Limited

Mitsubishi Trust International Limited

Manufacturers Hanover Limited

Mitsui Trust International Ltd.

N.M. Rothschild & Sons Limited

**Irving Trust International Limited** 

Salomon Brothers International Limited

Sanwa International Limited

Shearson Lehman Brothers International, Inc.

Takugin International Bank (Europe) S.A.

Office of The Stock Exchange and up to and including 3rd September, 1986 from:

**Tokai International Limited** 

Yasuda Trust Europe Limited

The issue price of the Notes is 100 per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Notes in be admitted in the Official List.

Interest will be payable semi-annually in arrear in September and March of each year, beginning in March 1987. Listing particulars relating to the Notes and the Issuer are available in the statistical service of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 22nd August, 1986 from the Company Announcements

Credit Suisse First Boston Limited 22 Bishopsgate London EC2N 4BQ

Cazenove & Cn. 12 Tokenhouse Yard London EC2R 7AN

Bankers Trustee Company Limited **Dashwood House** 69 Old Broad Street London EC2P 2EE

20th August, 1986

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# Standard Chartered hit by currency movements

Standard Chartered's vulnerability to currency movements was exposed in the first six months of 1986 and was a main feature behind a fall in taxable profits from £133.8m to £131m

reported yesterday.

Lord Barher, the chairman, said that if the 1985 half year results of overseas operations were restated at June 1986 rates, profits would have shown 17 per cent increase, equal to

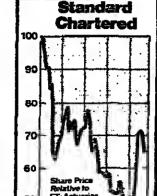
This problem was most evident in associate contributions which fell from £17.5m to £4.8m. Stanbic, which was a subsidiary and is now an associate, contributed a lower. £12.6m (£18.8m).
The results met with an un-

The results met with an unfavourable reaction in the City with analysts looking for profits of around £140m. Standard's sbares initially lost 5p before closing 15p down at 722p.

Another feature behind the profits fall was a further increase in bad and doubtful debt profits fall.

provisions. At £67.4m they £7m an showed respective rises of 48 credits, per cent and 22 per cent on £5.3m the first and second halves of This le Problems above the line,

Problems above the line. Expanding on the results, A regional analysis of pretors, were to some extent offset by a lower tax charge of ness of the US currency had an adverse effect on the results of tax profits shows in £m; UK £69 ness of the US currency had an adverse effect on the results of tax profits shows in £m; UK £69 ness of the US currency had an adverse effect on the results of tax profits shows in £m; UK £69 ness of the US currency had an (£58.2); Europe £5.1 (loss £32.3 new profits were maintained at the dividend of 12.5p (10.5p), which is better than indicated during Standard's defence against the uS currency had an (£58.2); Europe £5.1 (loss £32.3 new profits shows in £m; UK £69 ness of the US currency had an (£58.2); Europe £5.1 (loss £32.3 new profits shows in £m; UK £69 ness of the US currency had an (£58.2); Europe £5.1 (loss £32.3 new profits shows in £m; UK £69 ness of the US currency had an (£58.2); Europe £5.1 (loss £32.3 new profits shows in £m; UK £69 ness of the US currency had an (£58.2); Europe £5.1 (loss £32.3 new profits shows in £m; UK £69 ness of the US currency had an (£58.2); Europe £5.1 (loss £32.3 new profits were maintained at the higher levels recorded last higher levels recorded last year; Chartered Trust, the group's consumer finance arm



the unwelcome hid from Lloyds Bank. The bid defence though cost £7m and, after attributable tax credits, eccounted for most of a

\*84

5.3m extraordinary deficit.
This left attributable profits at
£64.9m, against £60.2m.
Expanding on the results,

in the UK, bad already aunounced a 48 per cent in-crease in interim pre-tax profits

A strong performance was agoin recorded in North America where the Union Bancorp group posted a 15 per cent increase in profits after tax, and notable improvements were achieved in both the were achieved in both the Middle East and South Asia and in Europe. Although under-lying performances in Tropical Africa were "most satisfac-tory," adverse curreocy factors left profits lower than last year's when translated into sterling.

Economic difficulties affect ing a number of countries in the Asia Pacific region, particu-larly Malaysia and Singapore, continued to depress results from the region; however, the recovery in Hong Kong was continuing said Lord Barber.

In South Africa, Stanbic re-ported unchanged profits before taxation; bowever, due to Stan-dard's reduced shareholding and the continued weakness in the rand, its share of Stanbic's pre-tax profit declined to \$12.6m.

A regional analysis of pre

# Yorkshire TV sees over £8m

BY RICHARD TOMKINS

The figure represents a strong advance from the previous year's £3.58m and compares with City estimates of

The current year forecast represents a recovery from a

In the six months to June 1986, Yorkshire's advertising revenue was 25.8 per cent higher than in the same period the previous year, compared with an average increase for all contractors of 23.3 per cent. This lifted Yorkshire's share of net advertising revenue from 8.9 per cent in the comparable

Yorkshire Television, the independent television company about to he floated on the stock market, yesterday issued a path-finder prospectus which revealed that it will be forecasting better-than-expected profits of at least f8.25m for the year to this September.

The figure represents a series of the television advertising to the six months to June 1986, Yorkshire's advertising revenue was 25.8 per cent on all applications accepted from residents in the Yorkshire TV region.

To qualify for the commission of the television advertising per cent on all applications accepted from residents in the Yorkshire TV region.

To qualify for the commission, the intermediaries will bave to certify that to the best of their knowledge and belief, the applicants are residents of the Yorkshire region.

Special dealing commissions year when Yorkshire's revenues were hit by an unexpected drop in television advertising generally, but it is still well up on the figure of 55.43m for the year to September 1984.

Mr Paul Fox, Yorkshire's managing director, said the seven months to last April, and the pathfinder prospectus also details arrangements for an anot be preferred at the allocation.

# Extel steps up attack on Maxwell deal tactics

EXTEL, the financial inforcompany. yesterday mation stepped up its attack on Mr Robert Maxwell, the poblisher, who is opposed to Extel's proposed \$40m acqui-sition of Dealers' Digest, the

financial database and

publishing company. Mr Alan Brooker, Estel Mr Alan Brooker. Extel chairman and chief executive, accused Mr Maxwell of "obstructive tactics." Mr Maxwell, who holds 27 per cent of Extel, said last week he intended to block the deal because the price was too high.

Mr Brooker said: "Mr Max-

Mr Brooker said: "Mr Max-well's tactics are contrary to the best interests of Extel shareholders. He is merely promoting his own attempt to gain control of the company." Mr Maxwell acquired a 13.7 per cent stake in Extel earlier this year when he backed a £170m hostile bid from De-merger Corporation. The bid

fil70m hostile bid from Demerger Corporation. The bid failed and the full Takeover Panel subsequently ruled that Mr Maxwell was acting in concert with Demerger and could not hid for Extel for 12 months.

Mr Brooker said that Mr Maxwell had recently acquired large blocks of Extel shares at well above the current market price of about 400n. If the Dealers Digest deal fell through, Extel share-bolders would lose the chance of acquiring further shares at 330n, the price of shares to 330n, the price of shares to be issued under the proposed vendor placing to be used to finance the US purchase.

In a circular to share-halders, aimed at winning support, Mr Brooker said the deal extended the range of Extel's financial services and developed Extel's database

The acquisition has to be approved by shareholders at an extraordinary general meeting. A simple mapority is required. Proxies must arrive by Wednesday August 27

Extel faces possible opposition from MIM, the fund
management group run by
Mr David Stevens, a close
ally of Mr Maxwell. Mr
Stevens, chairman of United
Newspapers, which owns the
Daily Express newspaper
acted with Mr Maxwell on the
Demerger deal.

# Charles Batchelor on the Philip Hill/BPCC bid talks

# Seeking victory in face of defeat

LORD KEITH, chairman for the past 19 years of Philip Hill Investment Trust, is not a man used to losing battles.

As a non-executive director of Beecham and STC be recently proved bimself a man capable of pushing through far resching management changes at poorly performing companies.

At Philip Hill, however, Lord Keith is in the unusual position of having change forced upon bim. A revolt by the majority of his sharebolders over the trust's poor performance meant Lord Keith faced the prospect of naving to modify his invest-

ment policy.

Barclays de Zoete Wedd last month proposed turning Philip Hill into a fund which would attempt to mirror the UK equities indices in its spread

of investments.
Yesterday's announcement that Philip Hill was discussing an agreed bid, expected to he worth more than £300m, from Mr Robert Maxwell's British Philip and Communication. Printing and Communication Corporation (BPCC) proved, however, that Lord Keith has retained an ability to snatch a victory of sorts in the face of

If the hid terms can be agreed, BPCC would dispose of Philip Hill's assets and the use of the funds as "war chest" to finance its ambitions to become a global information and communications group.

The BPCC option would lead to the hreak up of the 54-year-old Philip Hill trust. But if it gave incestors a better deal than the Barclars plan, it would show the Philip Hill hoard was doing its best for its shareholders.

with an average 38 per cent rise for the investment trust It would also mark a further move in the restructuring of the fi7bn investment trust industry which has seen several large general trusts taken over and broken up to make way for smaller, more agile specialised trusts over the past few years. sharebolders to stand up and say 'You can't do this'."



Lord Keith, chairman of PHIT

Sheli BTR

it to market.
Lord Keith, who joined Hill

after the second world war, has been on the board of Beecham

Philip Hill's net asset value

bas risen only 17 per cent over the past 12 months compared

Royal Insurance Marks and Spencer 3.94 Land Securities General Consolid Crown Financial Lands Improve Babcock General Eectric

LARGEST UK EQUITY

Sharehloders will, however, be looking closely at the terms expected to be announced Philip Hill, in particular, has been held back by its unusually large shareholding in Beecham, the troubled pharmaceuticals group, which amounts to 15 per

BPCC is expected to make a cash offer worth about 97 per cent of Philip Hill's assets and a share offer showing a 5 to 7 The links between the two go back to the 1920s, when financier Mr Philip Hill, the founder of the investment trust, rescued the Beecham family business from receivership and brought

per cent premium.

When it celebrated its 50th anniversary in 1982 the trust could point to a 29-year unbroken sequence of dividend increases and a worthy, if un-

Set up in 1932 by Mr Hill as a finance company and issuing house it took its present title 10 years later.

In 1965 it merged its hanking business, known as Philip Hili, Higginson, Erlangers with M. Samuel to form Hill Samuel, and create a merchant bank which ranked second only to Hambros Bank in terms of size. "It has got its just desserts," said one analylst. "It bas languished in performance and image. There won't be many

has since declined but the links between Hill Samuel and Philip Hill have remained close over the years in the person of Lord

Relth.

He retired at chairman of Hill Samuel as recently as 1980, the year in which Phillip Hill sold its remaining 15 per cent stake in Hill Samuel.

Over the past few years phillip Hill's shareholders have become increasingly restless.

This culminated in the holders of 56 per cent of Philip Hill's cultivated by Eagle Star Insurance, the NCB pension funds and the Kuwait Investment Office—backing the Barclays plan to convert it to an index linked trust.

BPCC is no stranger to the investment trust sector. It launched a £53m agreed bid for Bishopsgate Trust in May 1884 and liquidated it the following month, the day after it gained control.

The purchase of an investment resust provides an alterna-

The purchase of an investment trust provides an alternause more conventional funding This technique is frequestly described as "disguised rights Issue," though in fact it is closer to a vendor placing since the issuing companies shares go to a restricted number of investors.

BPCC has a market value of BPCC has a market value of around 1750m. To raise more than £300m would require a two-for-five rights issue, which would not be feasible for a company of its size and rating, analysts said.

A rights issue would also draw most of its funds from Pergamon Press, Mr Maxwell's private publishing company which owns nearly 15 per cent of BPCC.

Sizeable though the bid for

of BPCC.
Sizeable though the bid for Philip Hill is, it may not be the last if Mr Maxwell is to fulfill bis ambition of creating a worldwide information group with turnous of the transfer. with turnover of £3bn-£5bn by The relative importance of 1990. Mr Maxwell, like Lord Hill Samuel (and of Hambros) Kelth, is a determined man.

## Hawley lifts stake in Brengreen to 27.1%

BY LIONEL BARBER

Hawley Group has raised its

Hawley Group has raised its stake in Brengreen, the cleaning group which has agreed to a £32m bid from BET, the diversified industrial services business, to 27.1 per cent.

Hawley bought \$95,000 Brengreen shares at £65 a share and \$50,000 ordinary shares at £55 a share at £65 a share at £65 a share at £65 a share at £65 a share and \$50,000 ordinary shares at £65 a share at £65 a shares at £65 a share at £65 a shares at

Market analysts said yester-

an 8.6 per cent in the HAT ing its offer, BET held no group, itself the target of a shares in HAT and has not 194m hostile bid from BET. acquired any shares since.

### 1928 Trust net revenue falls

The Nineteen Twenty-Eight Investment Trust reported lower net revenue of £653,000 for the six months to the end at 1.5p. of June 1986 against £772,000 Net a last time. Earnings per share for this 50.2 per cent-owned subsidiary of London and Man-

against 2.12p but the interim dividend has been maintained

Net asset value at the end of the period was np at 238.7p, against 192p a year earlier and 210.8p at the end of 1985.

### COMPANY NEWS IN BRIEF

AUTHORITY INVESTMENTS: The offer made on behalf of Mr David Backhouse, Mr Michael Campbell and Mr David Innes has closed with no further acceptances since it was declared unconditional. The offer was accepted in respect of all the fully-paid A ordinary shares and none of the ordinary or parily-paid A ordinary. The acceptances represent 72.56 per cent of the capital.

LONDON UNITED Investments' rights issue of 7.35m new ordinexcess of 98 per cent. The balance has been sold in the market and the excess over the subscription price will he distributed to excelled characteristics. buted to entitled shareholders.

MOUNTLEIGH Group's recom-mended offer for the issued share capital of United Real bas een accepted in respect of

8-78m ordinary (73.1 per cent) and is now unconditional as to acceptances. The offer remains open until 3 pm on September 4. Mountleigh held no shares in United prior to the offer ment and bas not since acquired or agreed to acquire

FULCRUM INVESTMENT TRUST P.L.C. Net asset value (unaudited) as at 31st July, 1986 Income Shares Capital Shares 10.65p

LADBROKE INDEX 1,272-1,278 (-6) Based on FT Index Tei: 01-427 4411

# Granville & Co. Limited 8 Lovet Lane London ECSR 85P

Gross Tield Fully
div.(p) % Actual taxed
7.3 5.5 8.1 7.5
10.0 7.5 6.8 8.1 8.2
4.3 12.3 4.3 5.2
4.6 2.5 20.8 19.1
4.3 5.4 8.4 8.8
2.9 3.5 5.9 9.2
15.7 18.3 — 1.5
10.7 11.8 — 1.5
10.7 11.8 — 1.5
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10.7 11.8 — 1.5
10.7 11.5 11.5
11.5 12.8 2 7.3
17.0 4.8 10.3 8.4
12.8 13.3 — 6.7
11.5
14.1 15.8 — 6.7
11.5
14.1 15.8 — 9.7
5.7 5.4 6.4 8.4
7.8 2.5 8.7 8.8
2.8 4.1 12.5 11.7
9.9 4.9 11.5 14.0 Company -1 -1 -2 +2 -1 -30 +1 -30 +1

## Fresh salvo by Greycoat in Property bid battle

Greycoat Group, which is perties was on the high side making a contested £107m take and it was concerned that the over hid for Property Rolding group had recently committed £23m to the acquisition of two delivered a fresh broadside properties which Greycoat did against what it called Property's not believe would create added walks in a reasonable timescale. mediocre record."

But the defending company dismissed Greycoat's document as being "as misleading as its

Greycoat's offer - which is final—reaches its next closing date on August 28. It said in a letter to shareholders that it had decided not to increase for several reasons.

and it was concerned that its group had recently committed £23m to the acquisition of two properties which Greycoat did not believe would create added value in a reasonable timestale. Greycoat added that it intended to sell certain of PHIT's mature properties, which would give rise to a tax liability. But Mr Arthur John, chair

man of Property Holding, said last night that the group's growth prospects were excellent and "the reality is that Greycost cannot increase its It felt that Property Holding's has fallen well below the valuation of some of its pro-

274.4 0.8

273.6

13.1

4.1

264.6 257.9

130.8

45.0 85.8

127.1

6.7

319

215.0

214.4 13.1

201,3

205.2 201.1

32.7 65.4

103.0

. 4:1

248 129 2.0

98.1

3.9

**GOLD FIELDS GROUP** 

# GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa) Registration No. 05/17171/06 PRELIMINARY ANNOUNCEMENT OF RESULTS

Year ended 30 June 1986 Rm 1985 Bm Income from investments
Surplus on realisation of investments 210.0 0.1 105.9 84.6 371.2 294.6 Expenditure and write off Administration, technical and general 44.7 3.7 19.6 1.3 Interest Drilling and prospecting Written off Profit before tax :225.3 10.3

Profit attributable to group Profit attributable to ordinary shares Unappropriated profit, brought forward

Minority shareholders' interest

Profit after tax

Dividends declared Interim 55c (40c) Final 105c (80c) Transfer to reserves Unappropriated profit carried

Earnings per ordinary share—cents Dividends per ordinary share—cents Times ordinary dividends covered Net assets (as valued) per ordinary share—cents ANNUAL REPORT

5,662 4.652 The annual report will be posted to members in September,

DECLARATION OF FINAL DIVIDEND

Dividend No. 77 of 105 cents per ordinary share in respect of the year ended 30 June 1986 bas been declared in South African currency, payable to members registered at the close of business on 5 September 1986.

Warrants will be posted on or about 7 October 1986.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

obtainable at the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 5 September 1986 in accordance with the abovementioned conditions.

The register of members will be closed from 8 to 12 September 1986, inclusive.

London Office: 31 Charles 11 Street St. James's Square, London SW1Y 4AC

per pro CONSOLIDATED GOLD FIELDS PLC
Londan Secretaries
Mrs. G. M. A. Gledhill, Secretary
United Kingdom Registrar:
Hill Samue: Registrars Limited
are,
6 Gregorous Mars. 6 Greenmat Place London SWIP IPL



BIP-At the Forefront

BIP is a major producer of polyester resins for

moulding yacht hulls, truck cabs and performance car bodies. BIP produces polyester moulding compounds for high duty electrical and domestic appliance

mouldings and pioneered the technique of

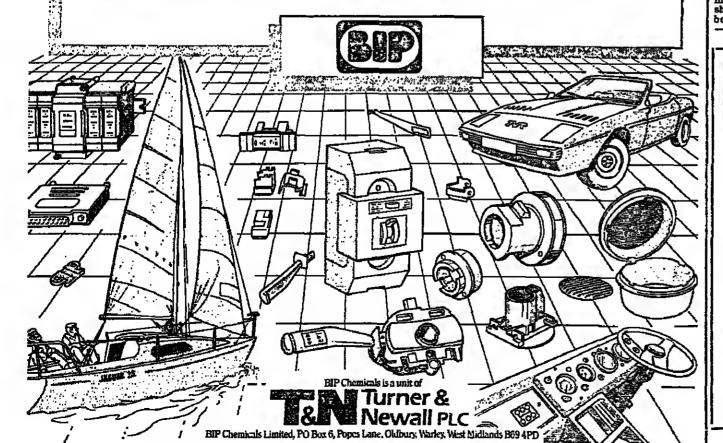
injection moulding for these materials.

BIP produces aminoplastic compounds used in a wide range of electrical and domestic mouldings and has the largest and most diversified aminoplastics factory in the world.

 BIP technology has been sought world-wide over several decades. BIP know-how has been sold or licensed to companies in Japan, USA, Australia. Chile, South Africa, Mexico, Yugoslavia, Spain, Italy

 BIP materials are used by leading manufacturers world-wide and its output is exported to over 50

 BIP produces an increasingly wide range of nylon and other engineering thermoplastics for high performance uses in electronic and engineering



# Mount Charlotte calls off Pleasurama merger

PRESSURE FROM institutional shareholders led to the aban-donment of the proposed £500m merger between 13 unt charlotte Investments, the hotel chain, and Pleasurama, the casinos an dleisure group. Mr Robert Peel, Mount Charlotte's managing director, said yestermany.

Mr Peel said that share holders had questioned the wisdom of combining the two groups. This pressure considers a complete that a lot of people preferred us to tay on our own."

Merger talks began six weeks ago. They were instigated by Pleasurama's merchant bank adviser, County Bank, with the aim of bringing together Pleasurama's cash-generating casinos with the asset backing of Mount Charlotte's hotels.

Mr Peel said that share-holders had questioned the wisdom of combining the two groups. This pressure, coupled with a stream of unhelpful press leaks and some doubts within the Mount Charlotte board, had persuaded the group that it should remain independ-

"Seventy per cent of our shares are held by institutions, there were indications that a lot of people preferred us to stay on our own."

Martin said that merger terms had been agreed but Mr Robert Peel, after initial enthusiasm, had changed his mind. "What ha has ended up the for sale doing is putting an up for sale

Mr Peel's brother, Charles, a senior broker at County's stockbroking arm, Fielding Newson-Smith, also played a key inter-mediary role, according to Mr George Martin, managing director of Pleasurama.

#### **DIVIDENDS ANNOUNCED**

		Dete	Corre-	Total	Total
. Cu	rrent	of s	ponding	for	last
	ment	payment	div.	year	year
Aerespace Engn	1.56	Oct. 3	1.2	2.88	2.4
Fife Indmarint.	0.75	Oct. 1	0.75	_	3.5
Fleming Mercantile int.	1.5	Oct. 1	1.25	_	3.6
1928 Trustint.	1.5	Oct. 1	1.5	_	4
	1.03	Nov. 7	0.89	<del></del>	2.44
Standard Chartered int.	12.5	Oct. 3	10.5	_	30.5
Systems Designers int.	0.2†	Nov. 18	8 0.15	_	0.45
Dividends shown in	pence	per share	except	where	otherwis

reported pre-tax profits of £37.5m on turnover of £160m for tha year to last December. Interim pre-tax profits this year stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. 
§ Unquoted stock.

### **NOTICE TO HOLDERS OF BRITISH GAS 3 PER CENT GUARANTEED STOCK,**

1990-1995 **GAS ACT 1986** 

On 24th August 1986, by virtue of the Ges Act 1986, HM Treasury will assume the rights and liabilities in respect of British Gas 3 per cent. Guaranteed Stock, 1990-1995. The stock will therefore become a direct liability of HM Treasury (having been previously a liability of the British Gas Corporation guaranteed by HM Treasury) and will be renamed 3 per cent Exchaquer Gas Stock, 1990-1995.

These changes do not require any action to be taken by stockholders. All existing dividend mandates etc in respect of holdings of British Ges 3 per cent Guaranzeed Scock, 1990-1995 on the register of the Bank of England will automatically apply to holdings of the renamed stock. However, Income Tax will no longer be deducted from dividends of £5

Certificates for existing holdings will not require amendment and will continue to have affect in relation to the renamed stock. On or after 24th August 1986 transfers should be completed to relete to the renamed stock; transfers of British Gas 3 per cent Guaranteed Stock, 1990-1995 executed before 24th August 1986 but received

at the Bank of England for registration after that day will be treated as transfers of the renemed stock.

Bank of England 19th August 1986

s Green

id hatk

### **Task Force** profits double to £0.3m

Task Force Group reported pre-tax profits almost doubled from £150,000 to £294,000 in the six months to the end of May 1986 and said that it was on course to meet the £600,000 for the year forecast at the time it came to the Unlisted Securities Market in June.

personnel agency.

Mount Charlotte has 58 hotels in the UK of which eight are in London. In the year to December 1985, it reported pretax profits of £16.06m (£10.03m) on turnover 27 per cent higher at £60.28m. Mr Martin said that business remained huoyant with new accounts developed, many new contracts placed, and several large requirements were being

> He added that a number of start-up and acquisition oppor-tunities were being reviewed. Task came to the USM throngh a placing of 1.3m shares at 95p. The shares closed at 112p yesterday, up 2p on

# Systems Designers lays foundation for growth

A DETERIORATION of 20 per months saw steady growth and cent in the average dollar a high level of investment in exchange rate adversely affected the US operations of they were confident of con-Systems Designers in the first six months of 1986.

— City analysts had heen looking for e virtual standstill.

The mainly European systems consultancy business increased lts turnover to

There is no interim division but Mr Tony Martin, chairman, said in the absence of unforeseen circumstances the directors would be recommending a final payment of 1.18p net. also d as forecast.

Turnover increased by 41 per from £1.99m to £2.8m.

Turnover increased by 41 per from £1.99m to £2.8m.

After conversion, however, and profits After tax of £125,000 (£66,000)
attributable profit came out at £169,000, against £84,000, with stated earnings per 5p share of 3.2p (1.8p).

After conversion, Bowever, the US results showed turnover the £7.44m (£8.1m) and profits at £7.44m (£8.1m) and profits at £7.44m (£8.1m).

The directors said the six to 0.2p net per 5p share.

In all, the computer confive-year strategy aimed at a sultancy pushed its turnover up prominant position for the by £3.63m to £29.23m and its group in the international profits from £3.22m to £3.33m systems consultancy market of

programme were expected to be seen from 1987, although the directors pointed out that in most areas, they were laying the foundation for the following

# Waterford sells loss-maker

they were confident of con-tinued success. They were now operating a

the 1990s.
The fruits of the investment

Net profits for the opening half year worked through at £2.37m (£2.05m) after tax of

Earnings amounted to 2.06p (1.82p). The interim dividend is being stepped up from 0.15p

Waterford Glass group said yesterday it had disposed of its loss-making subsidiary. Smith Group, which has the Renault franchise in Ireland and a chain of garages.

Smith losses were I£1.5m in 1985, double the 1984 level, and Waterford was forced to set aside I£8.3m in rationalisation costs for Smith's last year. Waterford day.

Waterford said tha subsidiary to day.

had continued to sustain losses in the short term, the market will be more concerned about the attempts to add a front office bond dealing system to Warrington's back office facilities and those worries will restrain the share price. On full year profits of £8m, the shares of £18.5m, the bulk earned hy waterford Crystal and Aynsley china. Interim results are due waterfords asid tha subsidiary today.

technology, an aggressive acquisitions policy, and a drive into the US market is a potent brew for investors and Systems Designers' share price has shown pany's message is for the moment rather sober. Much of its R & D spending is designed for the long term with the aim of making SD one of the world'a top ten systems consultancy firms of the nineties. The two chief developments have tremendous potential. ADA will he the language which the US the language which the US Department of Defense will use in future and where the US goes in future and where the US goes the rest of NATO is likely to follow. FOLIOS, which will he used as a security system for the Foreign Office also has export possibilities. Adding on the higher margins from the development of kernel software packages encourages long term optimism. In the short term, the market will be more concerned

slons operated at a profit, hut added that the results had been depressed by a lack of activity in the offshore market and the continued decline in shipbuild-

**Fife** 

Indmar

improves

to £0.15m

First half profils of Fife Indmar, a Scottish-based light and seneral engineer, improved from £37,000 to £149,000 pre-tax.

although turnover for the period to June 30 1986 fell by £481,000 to £6.85m.

The directors said all divi-

Exceptional charges were cut to £27,000 (£71,000). Earnings worked through at 1.61p (0.88p). The interim dividend is a sameagain 0.75p.

#### Fleming Mercantile

Fleming Mercantile Investment Trust improved its net asset value to 187.1p per share at end-July 1986, against 151p a year earlier, after deducting prior charges at redemption

values.

Net revenue for the six month period fell from £3.13m to £2.98m, for earnings per 25p share of 2.01p (2.12p). The interim dividend is lifted from 1.25p to 1.5p. A 3.6p total was paid for the year to January

Income for the half year amounted to £5.16m (£5.84m), while expenses and interest took £919,000 (£1.21m).

#### Waterford said tha subsidiary today. **BOARD MEETINGS** Standard Chartered PLC

45.1p-up 16.5%.

The following compenies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividenda are interims or finals and the subdivisions shown below are based mainly on last year's ilmetable.

Pleasurama, which has been searching for e fourth leg to add to its gaming, amusement machines and holiday business,

rose 20 per cent to £19.2m

doing is putting an up for sale sign outsida Mount Charlotte," said Mr Martin.

Under the proposed merger, Pleasurama would have ended

up as the larger partner, hold-ing 61 per cent of the combined

group's equity. Mr Martin and Mr Peel would have become joint chief executives and a Pleasurama director would

Both companies' shares fell yesterday following confirma-tion that merger talks were off. Pleasurama dropped 7p to 316p, whila Mount Charlotte fell 5p

have become chairman.

TODAY Interims—Atlentic Computers, Aritannic Assurance, Horizon Travel, Interestional Thomson, Microvitec, Sandvik, Supra, Waterford Glass, Finals:—D. V. Osviss, Electron House, John Finlan, Herrburger Srooks, W. H. Smith, Tranz.

FUTURE OATES

interiors:		ı
AMEC American Industrial	Aug 27	l
Anglo American Industrial	Aug 26	ı
Associated Smith Ports	Sept 10	
Bluebird Toya	Sept 23	ı
Botswana RST	Aug 26	ı
Gaskall Sroadloom	Aug 29	ı
Lec Refrigeration	Aug 28	ı
Liberty	Sept 26	ı
Lopex	Sept 5	ı
Trinity internetional	Sept 16	l
Watmoughs	Sept 18	
Wessenza	Aug 26	
Finals:—		
Olatena	A	

Interim Statement

The Standard Chartered Group profit before taxation for the half year to

30th June 1986 is €131.0 mill	Six months ended		Twelve months ended
Financial Highlights	30th June 1986	30th June 1985	31st December 1985
	£m	£m	£m
Trading profit	113.6	97.5	205.4
Profit before taxation:			
- Group excluding Stanbic	118.4	115.0	232.3
- Stanbic	12.6	18.8	35.6
	131.0	133.8	267.9
Profit before extraordinary it	ems 70.2	60.2	132.7
Earnings per share	45.1p	38.7	85.3
Dividends per share	12.5p	10.5	

In announcing the interim results, the Chairman, Lord Barber, sald: "The 2% reduction in Profit before taxation reflects the reduced contribution from associates stemming from adverse movements in exchange rates, particularly the South African Rand and the Nigerian Naira, and the dilution in the Group's shareholding in Stanbic from 55% to 39%. Other salient features are:

Trading profit has increased from £97.5 million to £113.6 million - up 16.5%.

Aggregate charge for bad and doubtful debts has increased from £45.6 million to £67.4 million - up 48%. Profit before extraordinary items has increased from £60.2 million to £70.2 million - up 16.6%. Earnings per share have increased from 38.7p to

The Group continues to feel the effects of exchange rate fluctuations, particularly the weakening of the U.S. Dollar and of currencies linked to it. If the 1985 half year results of overseas operations were restated at June 1986 rates, profits before taxation would be showing an increase of £19.3 million or 17%. The weakness of the U.S. currency has had an adverse effect on the

results of International Banking Division, London, but despite this. United Kingdom profits were maintained at the higher levels recorded last year; Chartered Trust, the Group's consumer finance arm in the U.K., has already announced a 46% increase in interim pre-tax profits to £5.9 million. A strong performance has again been recorded in North America where the Union Bancorp group has posted a 15% increase in profits after tax for the six months, and notable improvements have been achieved in both the

Middle East and South Asia and in Europe, Although underlying performances in Tropical Africa have been most satisfactory, adverse currency factors have left profits lower than last year's when translated into Sterling.

The economic difficulties affecting a number of countries in the Asia Pacific Region, particularly Malaysia and Singapore, have continued to depress results from the region; however, the recovery in Hong Kong is continuing.

The loan loss experience previously noted in the Asia Pacific Region has continued into the first half of 1986 with Singapore and Malaysia being hardest hit. The shipping sector shows little sign of improvement and this has adversely affected profits in Hong Kong.

In South Africa, Stanbic has reported unchanged profits before taxation; however, due to our reduced shareholding and the continued weakness in the Rand, the Group's share of Stanbie's pre-tax profit has declined to £12.6 million, representing under 10% of Group pre-tax profit. The lower charge for taxation results from a higher proportion of

profits earned in the U.K. and a reduced rate of U.K. corporation tax. In my letter to shareholders of 21st June 1986 I indicated that the Directors expected to recommend in due course the payment of dividends in tespect of the year ending 31st December 1986 for 35 pence per share, an increase of 14.8% over 1985. In view of the growth in earnings per share an interim dividend of 12.5 pence per share (1985 — 10.5 pence) has been declared for payment on 3rd October 1986 to shareholders registered on 11th September 1986.

Total assets employed have increased by £0.5 billion from £28.8 billion to £29.3 billion as underlying volume growth of 7% has been constrained by the weakness of the U.S. Dollar and related currencies in which the Group mainly trades."

# **GROUP OF COMPANIES**

# 1986 ANNUAL REPORT

I must thank and pay tribute to all our staff during the past year's trading and congratulate them on a great team effort which has produced an excellent year end result at a time when business has proved The Group's most

important asset is people. view techniques and motivation are only as good as the people

trained to use them. In the OCS Group, we are fortunate indeed in the diverse skills and loyalty of our people. Their ability to deal with the inevitable problems that arise in business has been astonishing and because our country is experiencing a number of fundamental changes those problems have been many and varied in recent years.

This commitment is returned from our shareholders and Board of Directors by reinvestment of 84% of the after tax profit, to finance expansion and organic growth. There have been many takeovers in our sector in recent months and I hasten to re-state the shareholders' intention to remain a family controlled group, holding 9846 of the share capital.

I will now bring you up to date with current and future trading of the Group:-2 million Group sales are up £8.4m at £104m

Pre-tax profit on ordinary es after Interest 5.523 up 0.200 zyable of £0.568m 2.035 Tex and introvity interest 3,488 up 0.221 Profit after tex

QCS. Group Profit Dividends Retained profit Earnings per ordinary

292p up 20p share of 50p The two cleaning divisions have traded with excellent results: they represent just under 50% of our total Group sales. Office Cleaning Services UK shows an increase on sales of 6% producing record profits. New Century and Factory Cleaners have

Profit on extraordinary 1.630 up 1.456 5.118 up 1.677 0.814 up 0.076 4.304 up 1,601

also traded at record levels. The laundry group have responded to



MANAGING DIRECTOR'S REPORT

enthusiastic direction by turning a breakeven result in 1985 into a profit of £0.187m. This is very encouraging and i congratulate them on this sciting turnround.

In the hygiene division Cannon UK has again traded with distinction whilst Centuryan Services has produced very disappointing results and a major reorganisation is

currently taking place.

The security division has yet again produced record sales but profit margins have come under pressure. Further operational control centres are now in place around the country. We have moved Vitopan to Bolton reducing running costs, and A.M.E.L. has been reduced to a profitable level. The two construction divisions have had mixed fortunes with R Fox, Centuryan Safety, Cotswold Casement, Woodsida Glass and Cradle Runways all trading well. We are however, confident that these two divisions will soon contribute the return expected following the

large investment from the Group. From our UK associates Ken Negus and Ernest Notcutt yet again produced excellent results.

in an effort to reduce our bank borrowings and the interest payable and at the same time provide finance for organic growth and acquisitions, your board have sold various properties surplus to requirements whilst at the same time reorganising and purchasing new premises: this has produced a large surplus in the overall profit from

extraordinary items.

I am confident that our future trading results will improve yet again producing higher sales and profits; current indications and budgets confirm my remarks. The Group are currently negotiating for several

acquisitions and i will give you more details when the legal formalities are completed. The Group has traded with enthusiasm and confidence. We are all looking forward to another exciting year ahead to tackling enormous opportunities which are becoming available in the total

### **OCS GROUP LIMITED**

OFFICE CLEANING SERVICES LTD., THE NEW CENTURY CLEANING CO. LTD., SMARTIS GROUP LTD., CENTURYAN SECURITY LTD., WEST LEIGH GROUP, CANNON HYGIENE LTD. 79 Limpsfield Road, Sanderstead, Surrey CR2 9LB

#### Group Results

Gi	oup N	Esmis			
(unaudited)					
	ix months ended 30th June 1986	ended	Twelve months ended 31st December 1985		
	£m	£m	£m		
Trading profit	113.6	97.5	205.4		
Share of profits of:					
Stanbic	12.6	18.8	35.6		
Associated companies	4.8	17.5	26.9		
Profit before taxation	131.0	133.8	267.9		
Taxation (Note 3)	56.6	68.4	125.6		
Profit after taxation	74.4	65.4	142.3		
Minority interests	4.2	5.2	9.6		
Profit before					
extraordinary items	70.2	60.2	132.7		
Extraordinary items (Note	4) (5.3)	-	15.7		
Profit attributable	64.9	60.2	148.4		
Dividends	19.5	16.3	47.4		
Profit retained	45.4	43.9	101.0		
Earnings per share	45.1p	38.7p	85.3		
Dividends per share	12.5p	10.5p	30.5		

(Interim)

(Interim)

# Notes

Six months ended 30th June 1985  £m 33.6 12.0 45.6  Illocation of centre Six months ended 30th June 1985  £m 58.2 (0.4) 28.6 (1.1)	1985 £m 72.9 27.8 100.7 all expenses) Twelve months ended 31st December 1985 £m 135.7 2.2 49.6
30th June 1985  £m 33.6 12.0 45.6  Illocation of centre studed 30th June 1985  £m 58.2 (0.4) 28.6 (1.1)	31st December 1985
1985     £m     33.6     12.0     45.6  Illocation of centre Six months ended 30th June 1985     £m     58.2     (0.4) 28.6     (1.1)	1985 £m 72.9 27.8 100.7 all expenses) Twelve months ended 31st December 1985 £m 135.7 2.2 49.6
33.6 12.0 45.6 Illocation of central Six months ended 30th June 1985 £m 58.2 (0.4) 28.6 (1.1)	72.9 27.8 100.7 all expenses) Twelve months ended 31st December 1985 £m 135.7 2.2 49.6
12.0 45.6 illocation of central Six months ended 30th June 1985 £m 58.2 (0.4) 28.6 (1.1)	27.8 100.7 all expenses) Twelve months ended 31st December 1985 £m 135.7 2.2 49.6
45.6  illocation of centre Six months ended 30th June 1985  £m 58.2 (0.4) 28.6 (1.1)	100.7  Twelve months ended 31st December 1985  £m 135.7 2.2 49.6
Six months ended 30th June 1985  £m 58.2 (0.4) 28.6 (1.1)	Twelve months ended 31st December 1985 £m 135.7 2.2.2 49.6
Six months ended 30th June 1985 £m 58.2 (0.4) 28.6 (1.1)	Twelve months ended 31st December 1985 £m 135.7 2.2 49.6
ended 30th June 1985 Em 58.2 (0.4) 28.6 (1.1)	ended 31st December 1985 £m 135.7 2.2 49.6
30th June 1985 Em 58.2 (0.4) 28.6 (1.1)	31st December 1985 £m 135.7 2.2 49.6
1985 Em 58.2 (0.4) 28.6 (1.1)	1985 £m 135.7 2.2 49.6
£m 58.2 (0.4) 28.6 (1.1)	£m 135.7 2.2 49.6
(0.4) 28.6 (1.1)	2.2 49.6
28.6 (1.1)	49.6
(1.1)	
	2.3
22.4	31.8
27.7	44.7
18.7	35.6
154.1	301.9
(20.3)-	(34.0
133.8	267.9
	(20.3)

Company and subsidiarie 102.3 23.3 125.6 Extraordinary Items (net of autibutable taxation relief) Costs relating to bid defence 0.8

1985

Provision against trade investment and other items 7.8 Attributable tax credit

The financial information included herein for the twelve months ended 31st December 1985 is based on the full Accounts for 1985 which have been filed with the Registrar of Companies, and on which the Auditors gave an unqualified report.

# Stationary Grander

STRENGTH IN DEPTH ACROSS THE WORLD.

weeks with the second of the second

 $\langle \cdot \cdot \cdot \cdot \rangle$ 



# **London Merchant Securities plc**

has sold its shareholding in

# The Winterbottom Energy Trust PLC

and its oil and gas properties in the United States

in exchange for shares of

# Carless, Capel and Leonard PLC

The undersigned assisted in the negotiations and acted as financial advisor to London Merchant Securities plc

### Wertheim & Co., Inc.

New York • Boston • Philadelphia • San Francisco

London • Geneva • Paris

July 1986

# De Beers

## Interim Report for the half-year ended 30th June 1986

The following are the unaudited consolidated restogether with the comparative figures for the half-ended 31st December 1985.			
Diamond account Investment income Other interest Share of retained profits after tax of	Half-year 30-6-86 R. mill 447 161 41	30-6-85	Year ended 31-12-85 R millions 1 140 215 82
associated companies  Net surplus on realisation of investments Net surplus on realisation of fixed assets	164 	160 14 660	386 27 8 1 858
Prospecting and research General changes interest payable Amount written off investment and loans	49 7 48 2	45 8 76 1	109 8 162 3
Profit before tax	106 707 177 41	130 530 105 22	282 1 576 374 37
Profit after tax  Profit attributable to outside shareholders in subsidianes Dividends on preference shares	218 489	49 1	411 i i65
Net profit attributable to deferred share- holders before extraordinary items.			130 1 035
Share of extraordinary losses/profits of associated companies  Dividends on deferred shares	48 377 72	60 293 51	63 972 199
Retained profit  Earnings per deferred share before extraordinary items:	305	239	<u>774</u>
Excluding share of retained profits of associates Including share of retained profits of associates Dividends per deferred share:	73e 118e	54c 98c	190c 288c
Interim	20-0c	15·0e	15-0a 40-0a

Comment

CSO sales for the first half of 1986 amounted to US \$1 214 million or R2 710 million compared with US \$837 million or RI 676 million for the corresponding period of 1985, and US \$986 million or R2 351 million for the second half of thar year. A price increase of 7.5 per cent became effective in May and indications are that the positive trend in diamond sales will continue in the second half.

Over the six months long and medium term liabilities of the Group reduced by R240million to R740 million, and R89 million of preference shares outstanding at

31st December 1985 were redeemed. Ner current assets reduced by R158 million to R328 million, so that the overall improvement in funding amounted to R171 million. The Rand/Dollar exchange rate was \$0.4037 at 30th June 1936 compared with \$0.3883 at 31st December 1985 and \$0.5070 at 30th June 1985.

INTERIM DIVIDEND Declaration of Dividend No. 133 on the Deferred in 1984-5).

On 19th August 1986 dividend No. 133 of 20 cents per share (1985: 15 cents) being the interim dividend in respect of the year ending 31st December 1986 was declared payable to the holders of deferred shares registered in the books of the

Company at the close of business on 26th September 1986 and to persons presenting coupon No. 77 detached from deferred share warrants to bearer A notice regarding payment of dividends on coupon No. 77 detached from share warrants to bearer will be published in the press by the London Secretaries of the Company on or

about 19th September 1986. The deferred share transfer registers and registers of members will be closed from 27th September 1986 to 10th October 1986 both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or

abour 4th November 1986. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 29th September 1986 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 26th September 1986.

The effective rate of non-resident shareholders' tax is 6-818

The dividend is payable subject to conditions which can be inspected ar the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board

OGILVIE THOMPSON } Directors N.F. OPPENHEIMER

20th August 1986.

Head Office: 36 Stockdale Street, Kimberley, South Africa. London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London ECIP 1AJ. Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107)
Hill Samuel Registrars Limited, 6 Greencoat Place, London SWIP IPL.

De Beers Consolidated Mines Limited

Registration No. 11/0007/06
Incorporated in the Republic of South Africa

# UK property care holds back Rentokil at halfway

services showed strong consistent growth worldwide during the six months to June 30, 1986, but property care in the UK continued to suffer from a depressed market, the chairman reported yesterday.

market. The Estatusan reported yesterday.

Pre-tax profits advanced from f12.04m to f13.1m, with the UK contribution up from f7.89m to f8.49m. Group sales were f76.82m compared with f71.25m, of which the UK figure was £39.32m (£35.1m).

The increased value of the pound at June 30 compared with a year earlier resulted in overseas profits expressed in sterling being reduced by £238,000. An exchange deficit arising since December 1985 on the translation into sterling of net assets over-

December 1985 on the translation into sterling of net assets overseas amounted to £623,000 (£3,56m at June 30, 1985) and has been debited direct to reserves.

The chairman said timber preserving had a difficult first half, and volumes fell in two important markets—the UK and Malaysia—as a result of poor demand in the local construction industries.

He Sand prospects for contract services should produce further growth and some recovery was looked for in the group's other activities. Prospects for the second balf were good.

After tax little chenged at £5.11m (£5.2m) and minorities of £5.000 (£110,000), attributable profits came out at £7.97m against £6.73m. The interim divideod is raised from 0.89p to 1.025p—last year's total was 2.44p from pre-tax profits of £26.04m. Dividends absorb £1.97m (£1.71m), leaving retained profits up from £5.02m to £6m.

Stated earnings per 10p share improved from 3.51p to 4.15p.

This West Sussex company, a subsidiary of Sophus Berendsen of Denmark, is a specialist in timber preservation, pest control,

He said prospects for contract been widely expected and the services should produce further shares were unchanged at growth and some recovery was 140p. For the second half, how-140p. For the second nam, now-ever, hopes are somewhat high-er. The period-end exchange rates which cost the company £238,000 at the interim stage seem likely to turn to its ad-vantage by the end of the year, vantage by the end of the year, and the property care activities; though probably still at only en early stage of their recovery, will benefit from a favourable comparison with last year's dismal second half. Timber preserving may continue to be problematic but the City has enough confidence to the strength of the mainstream contract services division to be pencilling in £30m pre-tax for

subsidiary of Sophus Berendsen of Denmark, is a specialist in timber preservation, pest control. damp proofing, thermal insulation and industrial hygiene.

• Comment

Rentokil's shares took a nasty tumble around the time of the poor preliminary results last overshadowed by the pending March and yesterday's figures were never likely to be the ones which brought about a re-rating: a dull performance had contract services division to be pendiling in £30m pre-tax for the year for a prospective p/e ratio of under 15 after a 39 per cent tax charge. This may be a far cry from the 28-plus rating Rentokil once commanded, but the shares are overshadowed by the pending Monopolies Commission inquiry and the marqet has yet to be convinced that the company's troubles are over.

VFP Fluid Power reviewed

NE (Nuclear) had a success-

slave manipulator business was consolidated and expanded.

Molynx profits up 63% in first half

FIRST HALF pre-tax profits ruse by 63 per cent at Melynk Beldings, Gwent-based maker of closed circuit TV equipment, and the directors said there was no reason why the trend should not continue.

no reason why the trend about not continue.

Sales for the six months to June 30 1986 improved by 19 per cent, from £972,000 to £116m, which generated a pretax result of £180,000 (£98,000).

The directors, who described the figures as very encouraging, said the company's recent growth had been organic, and although that should continue, they believed that the company's strength, recot's and reputation was such that they should consider the benefits of expandiog through acquisition, The 700,000 ordinery rights issue, declared in May, received 25 per cent acceptance, the directors said. The funds have been used to eliminate all bank borrowings, with the belance currently remaining on deposit. After tax of \$48,000 (nil) earnings per 20p share were shown up from 3.5p to 4p, excluding the rights issue. the figures as very encouraging

## Sheafbank dividend

Sheathank Property Trust saw pre-tar profits improve from \$25,000 to £158,000 in the year to the end of March 1988 and is proposing to pay a divi-dend of 0.5p, the first in 13

Gross rental income for this Manchester-based property investor and developer rose to £685,000 (£501,000). But after a lower tax credit of £823 (£103,000), an increase in average shares outstanding aod preference dividends, stated earnings per 10p share cama out at 0.8p, agalost 1.09p.

### Aerospace Engineering expands A higher final dividend of 1.56p (1.2p) is recommended, making a total of 2.88p (2.4p). Commenting on the year, tha chairman said that Cooper Merseyside, a manufacturer of

Inaddition, a one-for-five scrip

Earnings per share improved

were retained profits of £288,000

the enlarged ciptal.

(losses £301,000).

precision engineer, yesterday, reported higher taxable profits of £831,000, aginst £714,000, for the year to end April 1986. Turnover was marginally higher at £12.98m compared with

Mr S. H. Knott ,the chairman, sai othe year was encouraging and one during which internal performance had been im-proved. Also, benefits were felt rom corrective action taken last year in the divestment of Aerospace Communication

### **Group Investors**

Group Investors, investment trust, has published full details of its proposed unitisation and reconstruction. In exchange for every GI share, shareholders will receive five units in a new anthorised unit trust, CS International Fund, and one share in a new investment company, Group Development Capital Trust.

Assets of CSIF will amount to about 90 per cent of the assets to be transferred to the two new trusts. Portfolios of the trusts will continue to be managed in the same way as GI's portfolio.

### Consolidated Tern

Consolidated Tern Invest-ments, the USM quoted plant hire, construction and property group, dived into the red in the six months to March 31, 1986. With all divisions severely affected by the worst winter's trading in the company's history, the group incurred a £1.3m pre-tax loss for the period, as against a profit of £152.000 last time. The interim dividend is owitted (1.58) not

Inoce, the oil and gas explor-ation company which obtained a full listing last November, reported a pre-tax loss of £112,087 for the first six months of 1986. There are no comparable figures.

### Yearlings at 95%

The interest rate for this week's issue of local euthority bonds is 9} per cent. A rate was not set last week. The comparable figure for last year was 1018 per cent. The bonds are issued at par and are redeem-able on August 26 1987. A full list of issues will be published in tomorrow's edition.

# **GROUP LIMITED**

Inaddition, a one-for-five scrip complex components, contioned issue is proposed and the its diversification programme, directors anticipate that the shifting the emphasis from air-

dividend will be maintained on craft components into other the enlarged cipial defence areas. Profitability im-

from 3.81p to 5.56p after tax of its marketin gstrategy and gave £303,000 (£352,000). With the greater focus to its selling actiabsence this time of extrawif (Nuclear) had a success.

ordinary debits (£495,000) there ful year during which themaster



### PRELIMINARY REPORT

AUDITED CONSCLIDATED INCOME STATEMENT				
for the year ended 30 June 1988	2000 2000	1985 R000		
CONTINUES OPERATIONS				
Topower	270 255	204 825		
Accume before not interest and position. Not interest	3 132	13 341 1 062		
Income before tension.	186 I	12 279		
Income after taxation	11 767	11 542		
DISCORTINUED OPERATIONS		11342		
Loss belosé interest payable and leavelon	4368	24 580		
Interest payable	200	2 907		
Loss before texation	4002	27 087		
Tuestion		(1,540)		
Low after tenation	4 660	25 443		
TOTAL OPERATIONS				
Incorner(loss) after lavation	7 088	(14 101)		
AUDITED CORSOLIDATED				
BALANCE SREET	2900	1985		
As 30 June 1998	3600	A000		
CAPITAL EXPLOYED				
Stareta idens' equity	91 884	76 900		
Deferred traction Introde bouring hornowings	6 835 43 538	4 533 41 844		
Pital	-			
A	141 337	123,386		
EMPLOYMENT OF CAPTURE				
Forci assets hovestoents and look term debit	1 000	4 200		
Courses assets	235 106	106 204		
Total assets	200 519	100 474		
Corrent implities	DS 404	46 068		
Total	10 337	128 500		
DATA RELATED TO				
SHARES IN ISSUE Avorage abuses in image (000m)	20306	1965		
Shares in insue of year and (DOUs)	20:305	21 477		
DATA PER SHARE	Cheete	Charles		
Exercises.		_		
From continuing operations	23	-53		
From total operations	. 25	(66)		
Divisionals Not attest value	15	379		

Income before taxation of R13 322 000 from continu operations was some 8% higher from that for the previous year, Of the R13 322 000, R3 465 000 was somed in the second half of the year as compared with R3 636 000 for the first half.

Losses from discontinued operations include provisions for rentals and related costs of R2 900 000 for a period of two years to June 1988 in respect of unler leased properties previously occupied by disconti-med operations.

The results and essets and liabilities of foreign operations were converted to Rand at rates ruling at the close of business on 30 June 1988.

We expect trading conditions in our markets in Soufin Africa and overseas to continue to be difficult in the year ahead.

Improvements in operating efficiencies, however, should lead to maintained or stightly improved annual earnings, bearing any unforceseen circumstances. We do not expect further losses from discontinued

### Dividend declaration

Final dividend mamber 46 has been deckned by the board at the rate of 9 cants per share (1983 6 cents). Dividends will be payable to shareholders registered on the Johannesburg and London Registers on 16 September 1986. Dividend cheques will be posted on or about 15 October 1986, those for shareholders on the London Register being drawn at the rate ruling at the close of business on 16 August 1986, non-resident shareholders' tax, where applicable, will be deducted. This dividend will about R1 828 000.

A.J. van den Berg. Directors

18 August 1886 room House, Oxford Park

P.O. Box 782454, Sanction 2146, South Africa.



DOORS - WINDOWS - DOUBLE GLAZING - KITCHENS - BEDROOMS - TIMBER

# Magnet Southerns

# **Optimism** for the Current Year

Copies of the Report and Accounts for the year ended 31st March, 1995 may be obtained from the Secretary, Magnet & Southerns PLC, Royd Ings Avenue, Keighley, West Yorkshire BD21 48Y.

Record turnover at £247.55 million Pre-tax profits of £26.05 million

Dividend increased to 5.2p per share

Shareholders funds increased to £173.19 million

Net asset value 94.9p per share

Capital expenditure amounted to £22 million

### **PROSPECTS**

m 105 supershowrooms now in operation, with plans to open a further 50 during this financial year

Output of factory assembled kitchens continues to rise at a spectacular pace

"A complete vindication of our radical decision to change the emphasis and style of our business — sales are running at considerably higher levels, better margins are coming through and management accounts show a substantial increase in profits."

Tom Duxbury Chairman



DOORS - WINDOWS - DOUBLE GLAZING - KITCHENS -BEDROOMS . TIMBER



Financial Times Wednesday August 20 1986 LONDON RECENT ISSUES 23 **AUTHORISED**  $M_{0|_{\mathcal{M}_{-}}}$ **UNIT TRUSTS** EQUITIES profit iib 63c Friends Prov. Trust Managers (a)(b)(c)

Friends Prov. Trust Managers (a)(b)(c)

Feb. (1006 885095

F.P. Coord Bress | 186.9 | 209.0 | 42.9 | 201.

D. Accom | 186.4 | 186.7 | 42.9 | 42.9 | 201.

D. Accom | 186.4 | 186.7 | 42.9 | 187.4 | 41.2 | 170.

Do Accom | 187.4 | 187.4 | 41.2 | 170.

Do Accom | 187.4 | 187.4 | 41.2 | 170.

Do Accom | 187.4 | 187.4 | 41.2 | 170.

Do Accom | 187.4 | 187.4 | 41.2 | 170. Acatos & Hucheson 50p 
& Arspiros Error 10p 
& Angliz Sec Homes 10p 
& Alagliz Sec Homes 10p 
& Barbaurs Inv. Tut 
& Child Hed C. ITE 12+ 
& Child Hed C. ITE 12+ 
& College Int 5p 
& F & H Groun 10p 
& Fletcher Der'ys S. 5p 
& T. Management 1p 
& Coshrie Corp in that 13 Lazard Brothers & Co Ltd 21 Koorfelts, London EC2P 2HT GK Plads BUCKRISSEE Management Co Ltd
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For S क्षेत्र प्रित्नद्वार्थाय R3.13 3.0 4.5 9.42 R3.0 3.3 3.8 11.2 R6.8 - 8.3 -12.0 3.1 20 20.7 15.0 2.1 44 14.9 R1.8 3.4 2.6 15.8 13.25 2.8 3.8 13.3 R5.75; 2.6 5.2 10.5 R3.5 2.6 5.2 10.5 R3.5 2.6 5.2 10.5 R3.5 2.6 5.2 10.5 34.9 165.4 152.0 11.4 Pearl Trust Managers Ltd (a)(g)
252 High Holbers, WCIV 7ES
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11 Set off by construction worker in dry hay (9).

12 Lady accepts bill for road surfacing (7).

13 Embarrassing problem: Arry Con. Inc. 1 72.1 78.4 0.57
Its Acc 72.8 77.1 0.57
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+0.2 2.34 5 Traced agaio when keeper went up north (7).

Type of fuel oot much used before internal combus-before internal combistinn (8).

15 Performer, having said
grace, makes an entrance
(9).

17 Device used by pilots to
show change-round period
(9). Britanein Unit Trust Managers Ltd. (a)(c)(g) 74-78 Fissbary Payament, London ECZA LtD 01-568 2777 Bealing: 01-638 9478-9479 Jane's heroine has hat oo back to front (7) back to front (7).

14 French vineyard and depository for vinegar (5).

16 Outside the province is a warning for Protestants (9).

19 Teed off right, then pulled. Putting off as well (9).

28 to two different centuries one was shot in the arm (5).

22 Unnsual decisian: anthing to be overlooked in making cut 14624 -03 15 | 181 Furd Managers Ltd | 12|
182 Furd Managers Ltd	12
183 Furd Managers Ltd	12
184 Furd Managers Ltd	12
184 Furd Managers Ltd	12
185 Furd Managers Ltd	12
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185 40.1 372 UK Provident Unit Tract Macauters Ltd UK Hause, Casta S., Salotsey SPJ 33M 0722 33 UK Casty 1128 199 +02 North American 1162 223 -1 Pacific State 1775 186, 9 +0.7 (9).	
18 Philicy is not same if revised (9).
19 Flyer climbs first to allow for the drop (7).
21 Crew chases small island reptile (6). 71.0 70.7 20.7 20.1 at Ltd (7).

25 Bluebottle left a mess in my container (4-3).

26 Oil is changed by club trainer without hesitation (9).

27 Littoral area in Spain where Minister Fund Managers Ltd Minister House, Arthur St. BC4R 98U Henter 109,4 114.4 Chemp July 31. 251.4 259 4 Scottish Equitable Fund Mgrs. Ltd. 01-623 8000 403 073 +04 073 +04 124 +04 124 +08 215 +10 575 113 +07 140 +07 140 +14 -1 +14 -1 +04 101 +04 101 104 A R R R S T T A S T A S T Murray Johnstone UT Mgnt. (a)
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AUGHT/WA UPT/ME
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8 R M M A A A E

8 EM 7 Z A GARABAR A STANSON OF THE STAN 62.4 -0.4 523 62.4 +0.4 482 66.4 +0.2 3.71 73.64 +0.1 10.82 29 Adoption of King Charles Street address comes after that point (3, 11). 58.7 58.5 American Income. S8.7 bit. High Income. S8.5 bit. High Income. S8.5 bit. High Income. S8.5 bit. Trusts Sit. Trusts S8.5 bit. Trusts S8.6 bit. S8.6 bit ent Managers Ltd

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9) Genore St. Bardwerp EM2 3/L
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LAS UK Control. 191 40.3
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2 Fight with the French to get a drink over the bar (9).

3 It went round, was in front and finished on top (5). 031-225-4908 +02 920 -02 525 +01 045 +02 202 +11 000 +01 111 034 034 735 40 204 204 01-623 0200 +0.1 13 +03 0.0 +11 0.1 +10 0T +36 07 +02 29 +04 29 +04 14 Scottish Provident Inv. Mgt. Ltd 5-5-6 9181 5-7 Andrew Sq. Edinburgh 2 Court fac: 116.5 177.8 4-22 2.70 International fac: 11940 277.9 4-22 8.79 Index-tud Scr Acr. 10.5 115.9 115.9 4-2 8.79 Index-tud Scr Acr. 10.6 116.1 4-2 2.72 4 Not prepared to use oldtime oote (B).
5 New version of Aida shows a classical spirit (5).

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1. 7. 1

This that American begins which

Financial Times Wednesday August 20 1986 INSURANCE, OVERSEAS & MONEY FUNDS Henderson Management SA 20 Bosinson Emmanusi Servaki, Luc. 010 352 21902 Novicesen Katanad Investment Commun. | Heritable & General Faul Mingos (Jersey) | Ltd | PO Box 443, 54 Heller, Jersey | 0534755141 | Gar Fuel | 151.59 | 12.35 | 0534755141 | Onter Fuel Int Feb. 151.59 | 12.35 | 0545 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 12.45 | 1 25. 35.5¢ Money Market **Bank Accounts** OFFSHORE AND -12-03 0.002 0.007 +0.34 0.36 091100/46 189/48 +221 0.44 19472.19 73.80 +1.91 0.04 11.06 46 68.73 +0.60 0.07 0.87 ## 15 Part | Par Swiss Life Proglems Ltd. | 1024-102188 | Inflament | In | Section | 1975 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 | 1976 Target Life Assurance Co. Ltd. Target Home, Gazetouse Road, Aylaston Bridge Henneysmen Ltd

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US MARKETS

NEW YORK

High 183.0 185.76 182.00 183.00 181.25 181.36

58.90 59.30 59.60 59.90

High 33,30 34,40 35,43 36,00 36,88 38,75

High 16,37 12,45 15,39 10,40 12,30 15,06 15,15 10,17 12,27

33.88 34.80 35.59 37.59 36.29 38.25

Close 374.8 376.3 377.4 381.0 394.1 297.0 390.2 393.7 490.8 404.7 406.7 412.8

RUBBER

SILVER closed marginally

Government's special fund for agricultural disasters. But farmers are still receiving com-

pensation from this fund for

lest year's drought damage. The

Government is now trying to

speed up the outstanding com-

still due to farmers.

pensation payments for 1985

The Government has also

appointed a special drought commissioner—the so-called "Monsieur Secheresse" or "Mr Drought"—to draw up an extensive review of the situa-

tion and make recommenda-tions for tackling the problem. Negotiations are also taking place with the French state

railways to reduce the cost of transporting emergency forage supplies to distressed areas. A further relief measure has been the Government's decision to

ask the European Community to anthorise the supply of 400.000 tonnes of barley and feed wheat from French intervention stores

to drought-hit formers. This was granted on Monday.

But farmers claim that these measures are inadequate and

have been pressing for a greater and swifter aid commitment from Mr Guillaume, who is finding life as a Minister in-

expected to suffer a 33 per cent reduction to 7.11m tonnes.

Barley, which Spain has sought to develop as a substitute for maize, produced a 10.67m tonne crop last year, the same as 1984's, a historical record.

The initial outlook, based on data at the end of June, also

shows reductions in wheat from 5.33m tonnes to 4.17m, 02ts from 719,000 tonnes to 431,000 and ryo from 295,000 tonnes to 237,100. There is no forecast so

far for maize. Farmer'o organisations bave

cited lower figures for wheat and barley, claiming a fall of 50-60 per cent in the cereal barvest in the Douro basin and

40 per cent for the whole

to be around \$497 per tonne, or

\$50 per tonne more than the average price for the July

consignment. Italy will supply so,000 tonnes, France 40,000 tonnes, the UK 20,000 tonnes Such

hack to Europe as corned heef. But although the Commission deals through independent traders, officials are happy that

the meat is for domestic

# Congress at odds over stockpile policy

By Nancy Dunne in Washington A HOUSE-SENATE conference committee next month will have the difficult task of reconciling widaly differing Bills on the future of the US strategic minerals stockpile.

on US import reliance.

The Administration is strongly opposed to the House legislation which it sees as an attempt to derail its lnng-stalled proposal to sell in \$3.2m in stockpiled materials. However the Administry in Barten Ministry in

a National Security Council (NSC) study, which "does not appear to provide a sufficient basis for oetting stockpile goals or for other US mobilisation planning."

### WEEKLY METALS

All prices as supplied by Metal Bulletin. ANTIMONY: European free market. 99.6 per cent, \$ per tunne, in warehouse, 2,300-2,425.

BISMUTH: European free market, min. 99.99 per cent, \$ per pound, tonne lots in warehouse. 2.40-2.60.

CADMIUM: European free market, min. 99.95 per cent, 3 per pound, in warehouse, ingots, 0.85-0.92, sticks, 0.87-0.93.

COBALT: European free market, 99.5 per cent. \$ per pound, in warebouse, 3.70-4.00.

MERCURY: European free market, min. 99.99 per cent, \$ per fiask, in warehouse, 140-150. MOLYBDENUM: European free market, drummed molybdic oxide, \$ per pound Mo, in warebouse, 2.90-3.05. SELENIUM: European free market, min. 99.5 per cent. \$ per pound, in warehouse, 4.90-5.10.

TUNGSTEN ORE: European free market, standard min. 65 per cent, 8 per tonne unit WO, cif, 36-46.

VANADIUM: European free market, min. 98 per cent V<sub>1</sub>O<sub>1</sub>, other sources \$ per ib. V<sub>2</sub>O<sub>2</sub>, ago, according to figures published here yesterday. At the same time the skimmed milk radical proposals will be needed

URANIUM: Nuexco exchange value, \$ per pound U<sub>2</sub>O<sub>4</sub>, 17.00.

### Supertanker blaze under control

Tugboats extinguished a hlaze aboard a Norwegianniaze aboard a Norwegian-owned supertanker yester-day in one of the higgest marine salvage nperations since the Gulf War began, ohipping executives said, AP

### DROUGHT PROBLEMS FOR EEC FARMERS

# French crop fears grow

THE DROUGHT which has hit follows a previous drought last approved by the Government is central and southorn France for year which was compounded by support for emergency the second consecutive year is the subsequent harsh winter. causing increasing alarm to the French farming community and a growing political and economic headache for Mr Jacques Chirac, the consarvetiva Prime Minister and a former agricul-tural minister.

As many as 18 dapartmants Legislation, which passed in the House last week along with the Defonce Authorisation Bill, transferred control over the stockpile from the President to the Pentagon. Under the provision, Congress would act goals for acquisitions and sales based on US import reliance.

As many as 18 dapartmants average declared disaster areas by the Government. Fooder supplies are becoming critical for cattle farmers with the worst affected complaining of shortages of between 50 per cent and 85 per cent of their normal stocks.

French cereal producers are The Senate rejected a similar measure and approved sales of \$120m worth of materials from the stockpile. The Senate also hudgeted \$120m for acquisitions. including a \$30m purchase of germanium.

French cereal producers are particularly worried. The French Wheat and Cereal Producers Association has warned that French wheat and barley production will decline by about 12 per cent this year to ahout 35.7m tonnes from 39.9m tonnes

derail its long-stalled proposal to sell of \$3.2bm in stockpiled materials. However, the Administration sell-off plan has come under fire from the non-partisan General Accounting Office (GAO).

In a preliminary report the GAO said the plan grew out of a National Security Council (NSC) study, which "does not the more alarming because it

BY DAVID WHITE IN MADRID

ally good harvests, crops are now expected to be down by a third or mare on average because of early hat weather

and drought, especially affecting the Douro River basin,

leaving the country with a

deficit in cereals estimated at

4m tonnes.
The officials said the new import requirements were essentially for barley but that Spain had already begun to import somo wheat. They put the quantities of whoat imported so far at between 10,000 and 20,000 tonnes, but said that the year's quota of

Farm incomes remain under pressure and recent statistics show that the total indebtedness of French farmers has continued to rise. The latest figures show that their indebtedness had increased to FFr 190bn hy the end of 1984.

Although the Conservative Government of Mr Chirac has tried to appease farmers in the worst hit regions of Aquitaine, Auvergne, Burgundy, Langue-doc-Roussillon, Limousin, Midi-Pyrences and Provence, with promises of fresh aid, it has so far hesitated to launch a costly rescue operation. This reflects the Government's current efforts to hold dnwn spending as it prepares the 1987 Budget, which is due to be completed et the end of next month.

However, additional support for farmers is now widely expected to be included in the hudget in the face of the worsening situation. Mr Francois Guillaume, the former tormers' union leader appointed. farmers' union leader appointed Agricultural Minister hy Mr Chirac, has heen coming under intense pressure from his former members and has in turn been lohbying hard for additional aid in next year's

audget. creasingly uncomfortable, and Among measures so far from Mr Chirac himself. But

The total Spanish cereal harvest this year io expected to be no more than about 15m tonnes,

compared with about 21m tonnes in 1984 and 1985 and domestic requirements — principally for animal feed—of between 19m and 20m tonnes.

Initial forecasts by Senpa,

which indicate crop reductions of between 20 and 40 per cent,

ere likely to be cut further because of the drought in the Castilla-Leon region. This mainly affects the outlook for

THE EEC hutter mountain and the unemployed have days — follows the sale of a reached a new peak of 1.358m either heen implemented or similar quantty last month. The tonnes at the end of last month, are under discussion in price this time is understood

Spain forced to import wheat

SPAIN IS having to resume imports of harley and wheat this year in the face of drought-hit cereal crops, officials of the cereal - purchasing agency, Senpa, have confirmed.

After two years of exceptionally good harvasts crops are

#### LONDON **MARKETS**

THE WEAKNESS of the suger futures market towards the close was the ontstand-ing feature of London's soft commodity markets yester-day. Lack of physical offtake, reports of cheap sales to Tunisia and an easier tone in New York combined to push nearhy values about \$6 lower. nearby values about \$6 lower.
Coffee futures consolidated
their recent gains with the
November positions edging
up another £7.50 to £2,020 a
tonne, a 3-month high. Bot
cocoa prices were a few
pounds lower in featureless
trading. Gold continued to
settle hack following last
week's excitement and the
Landon buillion price coded weeko exchement and the London bullion price ended \$2.50 down at \$375.25 a tonne, after recovering from lower levels. On the London Metal Exchange cash zinc lest \$5 of Monday's \$9 advance at \$548.50 a tonna. Aluminium fell for the fourth day in succession as sterling firmed against the dollar. The cash price ended £4.50 down at a one-month low of £742.50.

LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

	Close (p.	High / low	
Cash Smonth e	142-3 745-0	-4.5 -5,25	75a:745
(745-5,5), 2.51, mm	three n	149.5 (74	th 748.5-2.0 11-1.5 (752- 5.5). Final ver: 18,050

Grade A Unoffic'l + or Highlow Cash 5 months Standard 840.40.5 9 844.5/840.5 3 months 660.5-1 3.25 855

Official closing (am): Cash 866.5-7 (864-5), three months 825-5-5) (883.5-4) sentlement 887 (863). Final Kerb: 882.5-3.

	unofficial + or close(p.m.) — £ per tonne	Highstow
Cash 3 month:	251,5-8.5 -0.5 267.5-8 -	867,0 368:901
(268-8.5) 8.5), set Korb cit	closing (em): C , three ments 26 tilement 267.5 (26 tio; 267-7.5. Turn US Spot: 21.75-24	7.7.5 (268- 8.5). Final over; 5,900

the quantities of whoat imported so far at between 10,000 and 20,000 tonnes, but	mainly affects the outlook for	In 1985, Spain exported cereals to the value of	NICKEL   Unpificial + or !	C arega
EEC butter	mountain still	growing	E per tonne  Cash 2510-20 + 20 3 months 2530-401 + 12.0  2545/2589	SER OF
BY TIM DICKSON IN BRUSSELS THE EEC hutter mountain	and the unemployed have	days - follows the sale of a	Official closing (ara): Cash 2515-20 (2498-500), three months 2540-1 (2515-6), sortiement 2520 (2500), Final Kash close: 2530-35, Turnovor: 1,846 tannes.	-
reached a new peak of 1.338m	either heen implemented or	Similar quantity last motion. The		Ñ

KUALA LUMPUR TIN MARKET: Close: 14.05 (14.08), ringqit por hg, Gown 0.03 ringgil per kp. Official closing (am): Cash 844.5-5 (847.5-8), three months 854-5 (856-7), eartlement 845 (848), U5 Producer prices 60.50-57 rents per pound, Total Turnover: 18,250 tonnes.

# sales have aroused fears among European meat processors that the heef could be re-exported

High arade	close(p.r		High low	
Cash 5 months	546-7 644-5	1—5 —0.90	148,6/541	
(552-3), t settlement 541-2. To Prime We peund.	547 (553) umover:	the 544-0 ), Finel K B,400 ton	erb close:	
COI D				

### GOLD

Gold tell \$2½ an ounce from Monday's close in the London bullion methat yesterday to finish at \$375-\$375. This proved to be the day's high after opening at the day's low of \$371-\$372. Short covering dayleged quire only on and dealers were optimistic that the recent firmer trend would be resumed at some point.
GOLD BULLION (fine ounce) August 1
Close \$375-3151g (£24954-25014

GOLD BOLLDON (time on	CG) WITGINGS TO
Close \$375-3151g	(224954-2504
Opening 0571-372	C24P-260
Min'a fix., \$572.00	(C24P.484
Aft's a fox 3874.40	(£249,117)
GOLD AND PLATIN	UM COINS
Kra'rad_ \$557-370	(F\$44-246)
14 Krug 01271-12P	121511g-1581g)
4 Krug \$1001a-1011a	(£6534-671a)
1/10 Krug., 840% 411a	(EZ7-271 <sub>3</sub> )
Mapleteaf 8565-388	(£255-258)
Angel 3580-383	(£25a-2545 <sub>4</sub> )
1/10 Angol 53812-4112	(£25'2-21'2)
New Sev_ \$89-92	E594-6141
Old Sov 495-9519	1263-641
\$20 Eagle \$430-480	£286-5194)
Nobia Plat \$548-5574	(£364 14 371)

Silver was fixed 8.05p an euges lower for spot delivory in the London bullion market yesterday at 340p. U2 can equivalents of the fixing lovels were: exot 50sc, down 12.5c; three-month 015.45c, down 12.5c; six-month 523.5c, down 12.7c; and 12-month 533.5c, down 12.95c, The metal opened at 341-342\*pp (508-510c) and closed at 340-341\*pp (511-513c).

all VER per Fixing price p.m. toy oz Price unofficial UME\_Turnover: 5 (0) lots of 10,000 ex. Cash hifth/low 339p; three months linst kerb 347-8p.

### MEAT

MEAT COMMISSION—Average let-etock prices at representative merkets. GB Cettle 95.35e per hp lw (-0.38). GB—Sheep 155.34e per kg as1 dcw (-3.81). GB—Pige 76.85p per kg lw LIVE CATTLE LIVE PIOR Month Close + or Yiday's + or 97.00 -0.5 - - - 88.50 -0.2 103.60 -0.2 100.00 +0.0

#### Aug 19 Aug 16 M th ago Year ago 1449,1'1445,2; 1435,2 | 1692,8 DOW JONES

INDICES

REUTERS

Dow , Aug Aug M'th Year 3pol 117.01 110.99 - 115.28 Fut 116.13 115.60 - 114.95 (Base: December 21 1931-100)

MAIN PRICE CHANGES

	Aug. 12 -		Jonth age
METALS			
Free Market	a1 230,250	+5	B1210/280
Cash Grade A.	,caaa.a5	_9.75	C895
Gold Troy oz	£370.26	+0.6	£251.26
Nickol			
Palladium oz., Platieum oz.,	\$120.50	-3.50	177/197c 8112.75
Quicksilvert	8150/158 340.000	-5 - 2.05	'8 190/200 356,30p
Tie	-i	1	544,55p
Tungsten Wolfram 22,04b	552,10	1	854,42 842/60
5 mths	£544.0		£548.5 £641.8
OILS	\$840		£840
Coconut Phili Paim Malayan	\$215.5w \$185x		6285
Copra Phili Soyabsan ILS.	\$137.5w		0148 10161
GRAINS			

Maizo £150.50 + 0.59£135.00 Wheat Fut Nov. [£101.50 + 0.50£104.10 No. 2 Hard Wint. ‡ 1

COCOA Restricted to a serrow trading range, lutures closed slightly lewer. With producers and consumers both un-willing to re-entor, the physicole mer-ket continued quiet, reports Gill and

COCOA	Yestorday's Close	+ or	Business
COLUA	E per tenne	_	Done
Sept		-8,5	165-18876
March	1426-1421		1484-1428
May	1483-1484		1430-1484
July	. 1501-1603		1611-7505
Sept	1012-1519		1626-1619
De 0	1642-1543	-0,0	1650-1545
Sales: 5,	760 (1,585) lo	t le es	O Tonnes.

pound). Oaily price for 93,93 (93,86); Five-day August 20: 92.8 (92.28). COFFEE

technical there Lamb montel norday's close Selors ap from the p ket remei owniting i	of censolide cuying, rep err. With er, levels is ewith good evered for every two ned volute he expects	ne free tachni be po deye. le snot de area	exel &um- sh fuede- ound Mon- cal buying, rofit-taking The mar-	
	this wook.			ı
COFFEE	Youterday Close	+ or	Business Done	ı
				1

.... 2000-5010 + 25.0, 2000-1960 .... 2000-3010 + 52.a, 2000-1970 .... 1990-1995 + 7.6 1992-1975 .... 2980-3010 + 0.0 Seles: 11,084 (10,685)

tonnos.
ICO Indicator prices (US cents per peund) for August 18: Comp. delly 1879 158,44 (147,15): 15-dey verage 144.72 (144.71).

SOYABEAN MEAL As active session any good commorcial buying, especially on the nearbys, heaping prices steedy. Selling appeared mid-session when eption hedging stopped any further icreases, reports Multipace.

August October Oec April June Saise: 710	181,5-162,8 129,0-128,8 130,8-181,2 182,0-183,0 129,5-181,0 128,5-181,0 (185) lots	+ 0,50	
WHEAV			BARLEY

+0.80 104.50 +1.10 +0.80 106.70 +0.90 +0.46 109.00 +0.85 +0.40 111.40 +0.75 +0.50 115.15 -0.70

May 115.10 +0.40 111.40 +0.76

May 118.00 +0.60 115.15 +0.76

Susness done—Wheat: Oapt 105.603.15. Nov 107.50-7.25, Jan 110.60-10.40,
Morch 113.35-3.15. Moy 118.15-6.00.
Sales: 394 lots of 100 tonnoo. Barley:
apt 104.50-3.30, Nov 106.70-8.30, Jan 106.90-8.30, Morch 111.40-1.15. May 172.90. Sales: 392 lots of 100 tonnee.

Wheat opened unchanged and remoined the washer of the two markets for most of the day. Country morchanis were on both aidea of the markets agressive shipper selling emerged in the stremoon. Seriey opened extremally firm and cremsined an throughour the day. Keen shipper buying interest sebsorbed good country hedge solling and the morket closed on the highs, reports 7. G. Roddick.

LONDON GRAINS—Whest: U2 dark northorn spring no 1 15 per cent Sept 95.00, Oct 97.75, Nov 99.50. U5 no 2 soft red winter Sept 94.00, Oct 96.75, Nov 97.55. French 113-12 per cent Aug 125.00. English feed tob Sept 107.00, Oct/Oec 111.50, Jan/May 115.50, April/June 119.00 buyers. Malete: U3 no 3 yellow/French transhiemant east coost Aug 150.50. Garley: English feed fob Sept 105.75/106.25 buyer/sellors scottish, Oct/Dec 112.50, Jen/May 110.00 buyers.

HOCA—Locational ex-farm apot prices. Feed barley: Eastern 98.30, E. Mids 98.10, N. Est 95.70, Scatland 96.30. The UK moretary coefficion for the weak beginning Mondey August 25 (based on HGCA celculations using five days' exchange rates) is expected to be unchanged.

#UTE—Juty/August c sed ( Dundee BTC \$350, 2WC \$350, 2TO \$310, 2WO \$310; c and I Antwerp BTC \$330, BWC \$330, 9WD \$300, BTO \$300. **POTATOES** The merket left nervously during opening trade to register ipsales of E8.50, bosis April, before rectivering in good volume to close berely changed on the day, reports Coley and Herper,

£ per tonne
Nov ... 113,30 | 113,50 | 111,50-115,90
Feb ... 132,00 | 131,80 | 133,00
Apr ... 180,10 | 180,00 | 180,58-171,58
May ... 193,00 | 183,00 |
Nov ... 80,00 | 80,00 | Saleg: toanse. Earlice 1,648 (1,382) lors of 40

Esriles—Aug 90,00, unchanged; Sep 90.00, +0.00, Bales: 0 lots of 10 tonnes

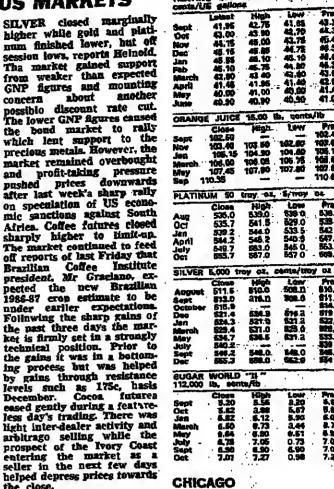
PHYSICALS—Cleaing prices (buyers) 8pot 59.50p (60.00p); Oct 59.00p (59.50p). Oet 59.00p (59.50p). The Kuole Lumpur tob price (Maleyslan contr. per hilo); RSS No 1 219.0 (221.0) and SMR 20 188.0 (188.5). PUTURES—lettex 1956. 3ppt 581-587. Oct/De 573-580, Jan/Merch 583-583, April/June 583-603, July/Appt 597-603.

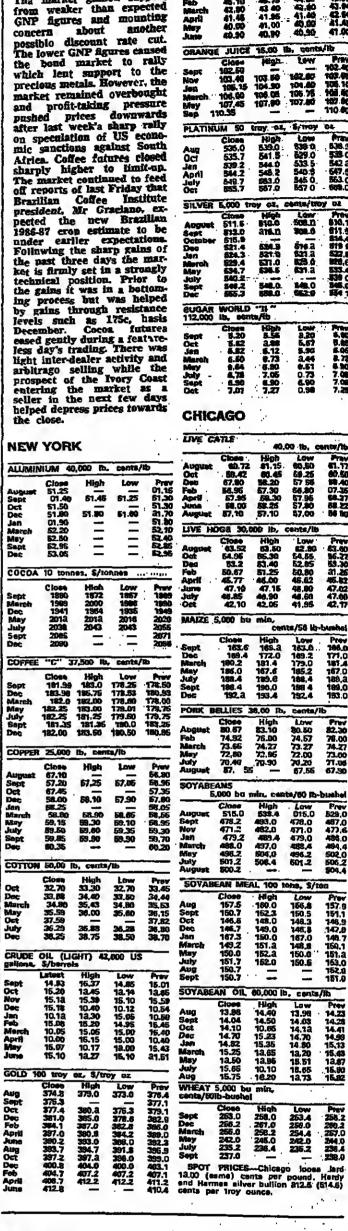
CRUNE OIL-FOR	Latest per barrel)	t or
Arab Light	_ 18.10-12.50	=
W.T.J. (1pm est) Forcades (Nigeria)	13.90-14.00	-0.66
Urais (cif NWE)	=	=
PRODUCTS North Prompt delivery cif	(\$ per tonn	) 16)
Ges Oil	180-183 123-126	-5.0

Fitteen-day 2 rent inded quietly for all reonths with prices weakening stacilly over the day on the back of waak US futures. Nyrasa WTI opened 35c down in September to fall e lurcher 270 by 1.30 pm EDT in thin trade. In the patribum products merker, gas ell prices dropped by 35 with buyers and settlers on a etand-off. Gasoline and nephtho trade was thin. Fuel pil was not traded as sellers and buyers wer (ar epan—Patrolsura Argus, London.

GAS OIL FUTURES

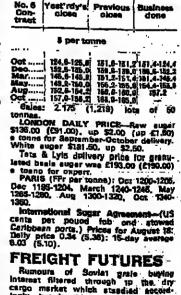
	Month	Glosa	-	Done
-		US \$ per tonne		
Ó	Sep	127.25 180.85	5.75	138,80 27,00 155,60 58,25
	Dec	137.00 137.00	4 50	156.00-51.00 159.00-58.60
0	Feb	140,00	;	140,80
1	Tumover.	2,886 (2.5	981) 1	ots of 100

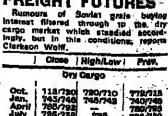


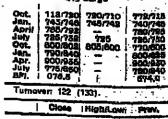


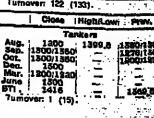
130-Cu 11

### SUGAR









# London tries again on crude oil futures

same time the skimmed milk surplus bas more than doubled to 988,000 tonnes.

Statistics like this emphasise the prohlem facing European Commission officials, who already acknowledge that the system of milk quotas introduced in 1984 to curh output is simply not working.

Various schemes such as selling old hutter to animal feed manufacturers and making to be implemented by the committee yesterday and likely to be implemented by the committee yesterday and likely to be implemented by the committee yesterday and likely to be implemented by the committee yesterday and likely to be implemented by the committee yesterday and likely to be implemented by the committee yesterday and likely the committee yesterday an

UNDETERRED BY a history of failure, London's International Petroleum Exchange is having a third try at establishing a futures market for crude oil in London.

Deopute such an unpromising record, this time its chances of the lost.

Bood deal to he lost.

However, the collapse of the about whom they deal with. The contract would cause the project that a futures contract would many times over—earlier this system, a single marketplace in proliminory talks with the IPE that a futures contract would many times over—earlier this system, a single marketplace in proliminory talks with the IPE that a futures contract would cause the project to he about whom they deal with.

Against such a haphazard system, a single marketplace in proliminory talks with the IPE that a futures contract would cause the project to he about whom they deal with.

Against such a haphazard system, a single marketplace in proliminory talks with the IPE that a futures contract would cause the project to he about whom they deal with.

Against such a haphazard system, a single marketplace in proliminory talks with the IPE that a futures contract would save the project to he about whom they deal with.

Against such a haphazard system, a single marketplace in proliminory talks with the IPE that a futures contract would save the project to he about whom they deal with.

Against such a haphazard system, a single marketplace in proliminory talks with the IPE that a futures contract would save the project to he about whom they deal with. UNDETERRED BY a history of

record, this time its chances of success seem fair, if not good. A curiously terse press release put out by the IPE last week ohowed that what was critically absent in the first two attempts may be present in the third— the support of the major oil companies. Even if the hig nil companies

are not fully behiod this latest effort, they are at least prepared in talk shout it. A com-mittee bas heen set up which, according to the IPE, consists of "a wide cross section of the trade including the major oll companies." At stake is the replacement

of the existing somewhat shambolic Brent forward market by 5 regulated futures market. At the moment the Brent market consists of traders dealing in both spot and forward physical cargos. The market is unstructured and unregulated, it is not located in a single place but made up of a collection of oil traders strung together by telephone wires and by about a dozen oil brokers.

on the floor of the exchange, with all deals in standardised form, cleared and regulated by the exchange, and with all prices clearly posted. ricea clearly posted.

If the major companies bave In an attempt to get things

shifted their position on crude moving again, and to prevent a futures somewhat, it is not hard to understand why. Three majors tried to tighten the to understand why. Three years ago they were fiatly unenthuslastic about a North years ago they were fiatly unenthuslastic about a North Sea crude futures contract. The market in Brent oil was theirs, ket has regained much of its they understood it, and in a former liveliness, the new con-Iney understood it and in a tormer liveliness, the new conlimited way conrolled it too.
There was nothing obvious in have not gained wide accepthave not gained with a still taking place on the old
hasis. It accept that majors'
have futures tradors. Indeed, in main manches of protection terms of control there was a against another collapse is to tax reference point. While the oble oll broker,

ing old hutter to animal feed manufacturers and making more available to old people

to be implemented by tha the meat commission in the next few consumption.

flawed, and ill-equipped to cope against default, overseen and with violent price movements. regulated by a futures exchange,



By contrast, trading in oil majors found themselves bail-oil futures would take place ing out weakar traders who



Traders on the Petroleum Exchange

In the aftermath of Febru-

panies, refiners and traders has been "extremely good," he says.

do now is to dovise a contract which would provide proper registration, back-up and so on all the things that the 15 day Brent market doesn't have," says Mr Peter Wildblood, chairman of the exchange. The response from major oil companies of the comp

of oil had fallen by half, the majors found themselves bailing out weakar traders who walked away from contracts on which they had made heavy heavy losses.

alternative. The IPE, at least, "We've had a series of discussions with traders, many of whom were worried about tha problems with the Brent dalsy chains. What we are trying to

There are several obstacles to be overcome before there is any question of a launch. Tho first is to get clearance from the tax man, who looks upon trades tax man, who looks upon trades in the Brent forward market as suitable for establishing as o it won't," said one uncomfort-

Oil Tax Office bas indicated in

problems need solving too, such as whether other crude oils should be included as alterna-tives to Brent, the exact form the settlement prices should tako, and so on.

If the majors are as willing as Mr Wildblood says, such matters should prove relatively easy to work out. However, while the hig oil companies are while the nig oil companies are prepared to countenance the possibility of a crude futures market, firm commitment to the scheme is still a long way off.

"I'm not particularly wild about this new contract," said ona trader from a major oil company. "We already have a perfectly sorviceable way of trading and in any case we trading, and in any case we don't want to widen the pitch to let in players who have nothing to do with oil." Such concern may he over-atated, bowever. The contract

now under discussion would not let in every London cah driver, like the famed "locals" in New York, Based on 600,000 harrels of Brent with physical delivery at Sullom Voe, it is no tool for the small punter. The new market is being designed to resemble as closely as possible the existing forward market, and it is unlikely that its creation would bring in many

new players.

If the contract succeeds, the most obvious losers will be tho oil brokers, for whom matching trades in the Brent market is a very lucrative husiness. In the past they bave lobbied hard among their customers to dis-auade them from using the futures market. But this time it may be more difficult to get their message ecross.
"I don't know whether the

SILVER

99,00 - 98,50 -1.0 Cartle sales: 0 (0) lots of 5,000 kg. Pige eciss: 4 (0) lots of 3,250 kg.

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# CURRENCIES, MONEY and CAPITAL MARKETS

## **FOREIGN EXCHANGES**

# Dollar weak on poor GNP

THE DOLLAR fell to new lows in currency markets yesterday, following the release of disappointing US second quarter GNP figures. The second quarter revision showed a rise of 0.6 per cent, down from 1.1 per cent earlier and well below market estimates of 0 1-1½ per cent increase. Trading had virtually ground to a halt before the figures were released with most traders expecting little change either in the GNP or in the dollar's value.

The US unit had been towards the upper end of its recent trading range earlier in the day after e boot of short covering but after the figures were announced there was a greater willingness to run short on dollars once again. Against the yen it finished of its lowest closing level ever of Y153.40 down from Y154.10 on Monday and it closed at a five and a half year low in terms of the D-Mark at DM 2.0705. Elsewhere its slipped to SFr 1.6560 from SFr 1.6755 and FFr 6.71 from FFr 6.7375. On Bank of England figures, the dollar's exchange rate index fell from 110.8 to 110.4, its worst level since January 1982.

The Australian dollar was quite firm, following an announcement by the Australian Federal Government that it had

\*#£#30

£ IN NEW YORK Spot | \$1.4025-4956 | \$1.4805-1,4005 1 month (0.48-0.46 pm | 0.48-0.47 pm 6 months 1.30-1.26 pm | 1.30-1.28 pm 10 months 4.05-4.46 pm | 4.55-4.40 pm The US dollar fell to A\$1.58571 from A\$1.5980.

from A\$1.5980.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.5779. July sverage 1.5089. Exchange rate index 72.0 against 71.7 at the opening and Monday's close. The six months age figure was 74.5.

Sterling finished at its best level of the day, helped by steady oil prices and Monday's better than expected PSBR figures. Dealers noted some switching into sterling in reaction to its SFr 2.5025.

Dealers noted some switching into sterling in reaction to its recent weaker trend and this was continued as the dollar lost ground. The pound rose to \$1.5020 from \$1.4930 but was unchanged against the D-Mark at DM 3.0925. Against the yen it rose to Y230.50 from Y230.0 and FFr 10.0775 from FFr 10.06. It was weaker against the Swiss franc at SFr 2.49 compared with SFr 2.5025. announcement by the Australian
Federal Government that it had
cut its budget deficit to A\$3\frac{1}{2}bn,
lower than the A\$4bn expected.

SFr 2.5025.

D-MARK—Trading range
against the dollar in 1986 is
2.4710 to 2.6580, July average

POUND SPOT-FORWARD AGAINST POUND 7. Three p.e. months 3.72 1.32-1.27 pre 1.49 0.58-0.42 pm 4.73 37-35 pm 2.91 45-38 pm 2.91 45-38 pm 4.91 25-0.55 d 2.05 0.05-0.20 d 6.34 47-35 pm 6.16 195-450 dis -3.90 120-205 d -1.97 6-10 dis -4.77 123-132 d 2.06 67-52 pm 6.21 3-21 pm 4.91 25-215 pm 4.91 25-215 pm 4.91 25-215 pm 6.42 79-37 pm 6.43 79-37 pm 6.42 79-37 pm 6.43 79-37 pm 6.43 79-37 pm 6.44 70-64 Close
1.6015-1.5025
2.0940-2.0950
3.49-3.49
3.49-3.49
3.49-3.49
3.094-3.094
2.15.92-20.57
199.62-199.90
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DOLLAR SPOT-FORWARD AGAINST DOLLAR t LIK and trolland are quoted in US currency. Forward gramitims and discounts soply to the US dollar and not to the individual currency, Seigian reta is, for convertible france. Financial fine 43,00-43,10

EXCHANGE CROSS RATES AUG.10 & | \$ | DM | YEN | F.Fr. | 9 Fr. | H.Fl. | Lira | G.S | B.Fr. 1.508 3.083 850.0 10.08 8.490 3.385 0187, 0.096 03.00 1. 2.059 155,4 6.71 1.568 2.320 1416, 1.394 48.56 0.323 8.466 1. 74.64 5.269 0.505 1.127 587.8 0.677 20.66 4.535 6.516 13.46 1000, 43.78 10.80 15.18 0228, 0.097 077.2 1.490 5.099 026.7 16. 2.471 5.456 0111. 0.079 63.41 0.603 1.242 22.57 4.047 1, 1.400 864.2 0.841 25.66 0.431 0.887 66.14 0.888 0.714 1. 510.3 0.601 0.706 1.454 108.4 4.738 1.171 1.638 1000. 0.886 0.717 1.479 110.1 4.011 1.189 1.664 1019 1. 30.51 2.361 4.840 360.7 16.77 3.897 5.464 3309 2.878 100.

**EURO-CURRENCY INTEREST RATES** 

August 10	6hort term	7 Days notice	Month	Three Months	81x Months	Year
Sterling	619-619 619-619 419-416 411-418	079-1018 5 % 6 % 8-814 658-514 119-134 4-8-4-8 7-714 11-10	074-20 67-67- 8-61- 67-67- 47-41- 47-47- 71-75- 114-114-	034 978 615 575 876 875 614 638 476 418 718 714 1068 1118	0 49 44 8614 814 818 614 614 414 414 714 715 1058-11	9-8-9-18 5-18-6-18 6-18-6-18 6-18-6-18 4-18-4-18 7-18-7-18 10-12-11
B.Fr.(Fle) B.Fr.(Con) Yen D. Krone Asian 3 (Eng)	7.714 7.714 5.4.514 814.914	7-714 7-714 5-1-512 9-912 616-612	71a 78a 771a 4/86 61a-10 6/8-6/8	7 <sup>1</sup> g-74g 7-7 <sup>1</sup> g 4 <sup>3</sup> 4-4 <sup>1</sup> g 0 <sup>1</sup> g-10 6 <sub>1</sub> g-6 <sub>1</sub> g	71g-75g 7.714 45g-45q 01g-10 61g-614	7.7% 7.7% 458-411 048-101 6-8-6-6

2.1521. Exchange rate index 139.2 against 132.5 skx months ago.
The D-Mark improved against The D-Mark improved against the dollar in Frankfurt yesterday, following a downward revision in US second quarter GNP to a rise of 0.6 per cent from 1.1 per cent previously. The dollar closed of DM 2.0590 down from DM 2.0640 on Monday. Earlier in the day it hed been fixed at DM 2.0705. Morning trading had seen the dollar move higher on short covering bot this was soon reversed after the announcement. announcement.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 153.40. July average 1.5089. Exchange rate index 218.5 against 194.6 six months

218.5 against 194.6 six months ago.

Attestico was focussed on the release of US 2nd GNP revisions in Tokyo yesterday and the yen traded within a very narrow range against the dollar shead of the announcement. The dollar had recovered on short covering but finished slightly below its best lovel at Y154.15 still up from Y153.95 on Monday. Most dealers expected growth figures to show little change from the previous estimate which showed e rise of 1.t per cent. There was also speculetion about 2 possible cut in the US discount rate with cut in the US discount rate with dealers wotching the Fed and its

money market operations closely for some clue. **CURRENCY MOVEMENTS** 

CHICAGO

980-1982=100. Bank of England Index

**CURRENCY RATES** 

Sept 94.90 94.73 94.73 94.73 94.73 94.73 94.74 June 94.57 94.59 98.83 94.34 94.59 March 93.83 93.83 June 95.58 96.88 CERT. OPPOSIT (MMM) 51m points of 100% 512 2.50079 412 2.81948 012 8.14312 10 MA 512 186.185 9 0.89680 161.727 9 NA 4 2,02240 2012 163.189

OTHER CURRENCIES

will be allocated today, more then offsetting an expiring facility of DM 4.8bn. However,

(11,00 a.m. August 19) Three mosths U9 dollars

LONDON MONEY RATES

Offer 0 13

EMS EUROPEAN CURRENCY UNIT RATES 43.1139 7.81704 2.11082 6.87315 2.37633 0.764978 ±1.5368 ±1.6403 ±1.1127 ±1.3659 ±1.5059 ±1.8663 ±4.0734

### MONEY MARKETS

# UK rates slightly easier In Frankfurt the latest sale and repurchase tender offered by the Bundesbank ottracted bids of nearly DM 21bn of which DM 6.8bn were occepted. Funds

per cent.

IMPROVED SENTIMENT encouraged longer term rates to ease a little in London yesterday. case a little in London yesterday. Sterling was a little firmot, helped by a weaker dollar and growing signs that the US may be ready to cut its discount rate again to counter disappointing GNP figures. Six and 12-month interbank money shed it of a point while the three-month rate finished at 913-912 per cent compared with 91-912 per cent. Overnight money at 91-10 per cent and rose to 1t per cent where it finished.

UK clearing bank base lending rate 10 per cent since May 22

MONEY RATES

The Bank of England forecast a shortage of around £450m with factors affecting the market including maturing assistance with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £286m and the unwinding of previous sale and repurchase agreements a further £271m. In addition banks brought forward balances £85m below target. These were partly offset by Exchequer transactions which added £145m and a fall in the node circulation of £70m. in the note circulation of £70m. The Bank gave assistance in the morning of £48m through out-

918-714 1018-1030 1014-1032-1014-1018

The forecast was loter revised to a shortage of around £300m before taking into account the early help and the Bank gave additional assistance in the afternoo of £195m through outright purchases of £12m of eligible bank bills in band 1 et 9½ per ceot, £153m in hand 2 et 9½ per ceot, £153m in hand 2 assistance came to £180m, making a total of £423m. the implications of such a move may be limited since the rate FT LONDON INTERBANK FIXING The fixing rates are the erithmetic means, rounded to the neorest one-sixteenth, of the bid and offered me-for \$10m quoted by the market to

NEW YORK RATES

right purchases of eligible bank bills, film in band 1 at 9; per cent, film to band 2 at 9; per cent and £29m in hand 3 at 9;

101g 87<sub>5</sub>

Tressury 9ills (cell): one mosth 9th per cent; three menths 9th per cent. Bask 9ills (sell): and month 9th per cent; three months 9th per cent. Tressury 9ills: Averego tesder rate at discount 9.5445 per cent. ECGO Fixed Finance Scheme IV reference data July 2 to August 5 (inclusive): 10.009 per cent. Local Authority and Financa Houses seven days' notice, others seven days' finad. Financa Hauses Base Rate 10 per cent from August 1 1986. 9shk Daposit Rotes for ourse at soven days' sotice 4.35-4.375 per cent. Certificates of Text Gagosit (Series 9): Oegosit £100,000 and over held uster one menth 10 per cent one-three months 9th per cent mont

# FINANCIAL FUTURES

PRICES were sharply higher in the London International Finantial Futures Exchange yesterday, following 9 susprisingly large downward revision in US second quarter GNP. A rise of 0.6 per cent many dealers now expecting a cut in the US distributed with a previous figure of 1.1 per cent was some way below most expectations and immediately presented by the implicit price deflator was ignored for the time being.

Sterling based instruments were also higher, reflecting an improved sentiment in sterling and a slight softening in cash rates. The Sentantial in cash rates. The Sentantial in cash rates. ngme of i.i per cent was some way below most expectations and immediately prompted renewed demand as hopes of lower interest rates grew. The current

expecting a cut in the US dis-count rate to be brought forward. December Euro-dollars swept aside a recent resistance level of 93.86 after the announcement and finished at the day's high of 93.94 up from 93.80 on Monday. US bonds were also in good form,

coming back from an early low of 100-30 in the September con-tract to finish at 101-29 up from 100-03 at the previous close. A

opened at 120-24 up from 120-18 and finished at the day's high of

LIFFE US TREASURY BOND FUTURES OPTIONS 
 Otrika
 Calls—Last
 Puts—Last

 price
 Sept
 Dec
 Mer

 88
 13.56
 13.38
 —
 0.00
 0.08

 30
 11.58
 11.44
 —
 0.00
 0.00
 —

 22
 6.58
 9.57
 —
 0.00
 0.29
 —

 34
 7.59
 0.12
 —
 0.00
 0.29
 —

 36
 5.56
 6.41
 —
 0.01
 1.13
 —

 38
 2.56
 5.46
 —
 0.07
 2.38
 —

 102
 2.01
 4.03
 —
 0.07
 2.38
 —

 102
 0.41
 3.03
 —
 0.47
 3.39
 —

 Estimated
 volume
 total,
 Calls
 2.517
 Puts
 1.168

Calib-Last
Sept Oct Nov Dec
12.50 — 19.50
10.00 10.00 10.10 10.20
6.1 5.90 6.00 6.50
1.75 2.65 3.30 2.90
0.45 1.06 1.60 2.05
0.20 — 1.00
0.20 — 0.70
0.00 day's open int. Cells Puts Last Oct Nov 1.00 0.50 1.00 1.45 1.40 2.35 3.00 3.65 4.65 5.40 6.95 7.95 e.70 — — 12.70 — — 18.70 8 3 Sept 0.50 0.20 0.80 2.85 0.05 10.60 17.40 5 Puts

LONDON Sept 83.89 83.89 83.82 83.78
Dec 93.94 83.84 83.85 83.00
March 83.84 83.84 83.75 93.71
June 63.64 93.64 93.57 93.71
June 63.64 93.64 93.57 93.51
Sept 93.37 83.33 93.36 93.24
Est voluma 5,270 (2,532)
Provious day's open int 20,289 (19,816) 10% NOTIONAL SHORT GILT £100,000 64ths of 100% Sept 101-16 101-18 101-04 100-62 Dec 101-21 — 101-03 March 101-02 — 101-03 Est volume 230 (141) Previous day's open int 1,316 (1,280)

Dec 165.55 166.00 185.70 165.20 169.3

Low 93.83 93.86 93.76 93.57 93.33 93.01 92.71 92.42

**CURRENCY FUTURES** POUND-\$ (FOREIGN EXCHANGE

-STERLING Se per £

1.4700

Spot 1-mth, 3-mth, 6-mth, 12-mth, 1.5020 1.4974 1.4891 1.4773 1.4673

1.4990 1.4875 1.4700

LIFFE-STERLING £25,000 \$ per £

remains fixed at 4.35 per ceot. Nevertheless there is a growing feeling however that the Bundes-

bank may cut its discount rete currently standing at 3.5 per ceot, giveo a recent improvement in the D-Mark'e value and re-newed pressure from the US to participate in a co-ordinated cut

Six months UO dollars

five relarence banks at 11 em sach working day. The banks are Netional Westminster Sank, Sank of Takyo, Ocursche Sank, Sanqua Mationale de Paris and Morgan Guernity Truet.

Ono Year

Est volume 9,990 (3,076) Previous day's open int 6,879 (6,753) STERLING INDEX 8.36 am .... 9.00 am .... 16.00 am .... 1.00 pm ..... 2.09 pm ..... 3.00 pm ..... 4.00 pm .....

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In accordance with the description of the Notes, notice is hereby given that for the Interest Period from August 20, 1986 to February 20, 1987 the Notes will carry an Interest rate of 6,2375% per annum.

The interest payable on the relevant interest Payment Date, February 20, 1987 against coupon n° 4 will be US\$ 319.81 per Note, **KREDIETBANK** 

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NEW ISSUE

18th August, 1986



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U.S.\$30,000,000

3¾ per cent. Guaranteed Bonds due 1993 Unconditionally and irrevocably guaranteed by

The Kyowa Bank, Ltd.

Warrants

to subscribe for shares of common stock of Inageya Co., Ltd.

Issue Price 100 per cent.

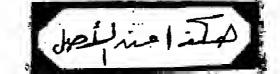
Nomura International Limited

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28	1		ι ε	Financial Times Wedn	NDUSTRIALS—Continued
BRITISH FUNOS  1986   Price   + or   Yield  High Law   Stock   Price   + or   Yield  int.   Red.    "Shorts" (Lives op to Five Years)  1024   100-45-ch. 14c; 1986	AMERICANS—Cont.  1996   Price   4 or   Biv   Tid   1996   Stock   C   Gross   Cw   Gr's   371   299   Chemical Rev York   311   191   52.00   42   311   191   Cryster Sch   269   19   17   424   331   Champt Sch   30   30   42   332   Champt Sch   30   30   42   333   Champt Sch   30   30   42   34   35   Champt Sch   26   30   42   35   Champt Sch   26   30   42   36   Champt Sch   22   26   42   36   Champt Sch   22   26   37   Champt Sch   27   27   38   Champt Sch   27   27   39   Champt Sch   27   30   Champt Sch   30   30   Champt Sch   30	20112011	130 75 Bra	Stack Price: - Net 'C'w' G''s PIE Nigh Law tham Equaters 11.1 580   4112.0 3.7 2.9 13.1 405 155 (and stars Wm 10p 189   189	Stack   Price   See C'v C'v Fe   Fe   Fe   Fe   Fe   Fe   Fe   Fe
967, 943, 543, 549, 1986. 961 2.53 7.16 1002, 1003, 572, 1783, 104, 575 1002, 1003, 1007, 972, 1783, 104, 575 1002,	124 7749   Chyfest Fin. Corp.   1213   12   130   2   2   2   2   2   2   2   2   2	1986   Stock   Price   - Ret   Cw Gr.   Price   1486   High Low   125   Low   125   Low   125   Low   125   Low   125   Low   126   126   127	Stock Price - Net C'vr Gr's PFE 34 15 8ra rc 10a 16 -1 0 50 25 18ra 10a 30 30 19 8ra 10a 455 1 50 0 15 0 30 195 8aa	en (1, 3 and 1) and 1 an	273 e1 15 0 25 14 14 2 16 16 16 16 16 16 16 16 16 16 16 16 16
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107-3 93;[\text{Tress 91; tress } \text{1000}; \text{107}; \text{31}; \text{107}; \text{32}; \text{107}; \text{32}; \text{103}; \text{90}; \text{108}; \text{108}; \text{90}; \text{108}; \text{108}; \text{92}; \text{108}; \	20g 121gipDerma-Lack Medici 133gi 757mi+7 22.56 23 354, Dan & Bratistrer S1 757mi+7 32.56 23 35.60 23 35.60 25 184, FPL Group S0.01 244, -4 32.00 5 5 6 134, 650 Fin Eronn Flu 27 27 27 27 27 27 27 27 27 27 27 27 27 27 27 27 27	97 77 67ch Ind. 10p 90 1278 28 370 177 549 CF 1 178 178 28 1 28 1 28 1 28 1 28 1 28 1	Fr2x156 = 53 +1 04.5 1.9 7.6 9.9 70 36 Car 20 340 7.94 \$ 33 \$ 140 98 Car 140 98 Car 140 98 Car 141 98 Car 142 143 145 145 145 145 145 145 145 145 145 145	Tably Heatt. 41 -1 - 9.4 303 170 185 186 186 186 186 186 186 186 186 186 186	25 -1 45.05 21 29-453 100-20 -5 42.94 23 5.2 118 100-20 -5 42.94 23 5.2 118 100-20 -5 42.94 23 5.2 118
107 8 97 Ends 11st 1999 10374 1 10.58 9.99 9.99 95 849 frees 5st 1968-89 91 16 5 4 810 110.7 85 110.8	25t 19-first Chicago 55. 2013. 31.26 4.4 40t 25t Ford Motor 52 39t 14 52.20 - 3.8 25t 20 GATY 62 tg. 217t 14 54 4.7 547 47 Gent Red. Site 51 124 12 13 14 14 14 14 14 14 14 14 14 14 14 14 14	48 27 Gebs Dancy A 10p 35 18 20 72 95 178 97 Wigitals 385 254 Gerson MJ 10p 570 45,577 54 20 123 920 438 W3 125 136 86 HAT Group 10p 135 4 938 24 4.0 128 179 1315 10p 87 245 56 Hetical Bar 235 +1 20 123 20 165 3-W=160 170 170 170 170 170 170 170 170 170 17	1460 +3 2.5 0.3 2.2 - 2.2   -	For Cooper Industries See C.I.   141 [104] Since Ground   50   41	on (Charles) 159. 23 1.3 — 8.6 4 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5
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Five to Fifteen Years  116 % Each 10:1971 10:45 +1 10:32 9:34  117 92 frees 10:e 1992 1133 +1 1121 9:73  107 92 frees 10:e 1992 10:73 +1 9:72 9:31  107 92 frees 10:e 1992 10:73 +1 10:73 +1 10:01 9:36	174   124   Control   174	115 70 Wenous A\$ 50 79 020% 21 52 91 245 120 30 Wa 120 75 Habristone Ps. Ibn 120m1+5 4277 21 5.0 15 15 15 10 43 Aprical 151 586 Edward Cop. F100 6135 4022 35 21 11 11 96 42 Aprical 488 276 Lang John 423 7.0 5.1 21 11 96 42 Aprical 488 276 Lang John 423 7.0 5.1 21 11 96 42 Aprical 489 276 Lang John 423 7.0 5.1 21 11 11 96 42 Aprical	Higher   245	th (G. M (10p	ick Arrow 500 1876-3 3.0 0 41 9 ch (P) Hidgs 2400 188 0 11 9 ch (P) Hidgs 250 27.212.9 0.6 250 lbathart Fort (Eq. 238.4) 2.3 17.1
106   Each   13   500   1992.   117   1146   94.0   1168   94.1   1168   1148   1993   1154   1154   1154   1168   1154   1168   1154   1168	40k, 315 Lockheed Cran. 51	122   74   Lawrence (W)   113   3,65 3.0   37   8.5   37   127   10   15   118   186   08.5 pc Co-Rolf (L)   120     3,65 3.0   37   8.5   27   10   18   19   19   19   19   19   19   19	Constr 103. 262 1+7 231 9.5 1.2 8.8 344 194 Grac 219 154 - 52 34 184 195 Sec 109 175 175 11.3 7.6 1.0 12.7 95 60 182 195 195 195 195 195 195 195 195 195 195	Period   10   278   -4   118.4   2.6   4.0   12.9   49   23   36   36   36   36   36   36   36	god Pat. x 10s
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1037, 884 ffrees 9a: 1975, 465; 97,593 + 97,593	311-  Penurol 83-jc   35-jc   4220   42   24   25   272   24   25   25   25   25   25   25   2	279   171   Meyer Int.   237   43   5.75 3.7   3.4   13.8   111   75   68 rown is   38   27   Muler   Stani   100   32   d.l.0   4.6   19   11   80 yes   130   109   Mont   131   118     6.5   7   8     250   138   Buryets   440   308   Mont   141   398   141   100   Mb. (2.2   5.7   13.0   203   180   ZAP   100   200	A 59 14 01 01 0 10 0 10 0 10 0 10 0 10 0 10	e   Archer ( 12° 55 741 - 1   2° 11 30 40 9.9   330 195 65 meat   25 38 40 5.9 422 290 88 199 ( F.H.)   641 6-1   3.75 1.9 82 ( 7.89 19)   190 146 65 scher ( 7.75 30 32 13 1.8 5.7 11.4 74 48 65	min vita 336 +3 7.6 31 3.0 14 0 H Prop SAL 332 +3 032.5 0 4.7 0 Own & Tarrist 146 -4 77.2 0 6.7 0 Design (Berld) 79 -1 43 01.7 5 012.1
1346   174   175   177   175	25 19 Boby lock (or 5) 19L-1-1	142   90   \$-Polyppe 10p   149   6-5   ml.1.49   28   1.5   34.7   110   83   \$-Cherck 688   442   IRMC   588   14.0 3.1   29   15.9   57   37   Chlerck 688   21   Range lods 100   72   -21   140 3.2   0.5   1.6   2.25   115   0.6 72	poor Enrope   110   53   54   55   54   56   57   57   58   58   59   59   59   59   59   59	L Holdings	Section   Sect
1261   1056   Eart. 124pc 1999   1134   41   10 32   954   114   962   Treas. 104pc 1999   1071   41   920   920   952   1033   954   975   1033   955   975   1033   955   975   1034   975	283 23-Temeon 35. 26-had 17-17.0 123 123 124 124 125 125 125 125 125 125 125 125 125 125	481   3-2   Reclaird   435-st   1155   22   37   137   115   73   30   74   24   24   24   24   24   24   24	Subsect Sect Sect Sect Sect Sect Sect Sect S	175   -2   7.9 20 6.4 (9.1)   367 85 48	Samon St. Imas Zhu   228   -1 71.5 3.7   1.7 41.79     Dayler Inds.
Over Fifteen Years  1245-104 Each 126: 99-02 117   1-5   10.26   9.51   1114   9.5   (2000) 99-02   103-04   9.54   9.39   9.00	227	84 70 Smart U. 10c 80 1 7435 13 77 126 72 42 20ET 1 514 344 Tarmat 50c 466 1-12 9.4 28 28 173 177 113 2001 6 163 52 VTay Homes 149 1-6 125 15 45 122 138 77 2001 6 347 236 Taylor Woodrow 337 45 88.6 24 36 14 0 79 58 0ate 80 137 Tribury Group 162 33 26 46 119 189 146 0ates 433 25 77 2001 6 0ate 80 137 Tribury Group 162 33 26 46 119 189 146 0ates 433 25 77 2001 6 0ates 80 137 Tribury Group 162 33 26 46 119 189 146 0ates 80 137 Tribury Group 162 33 26 46 119 189 146 0ates 80 137 Tribury Group 162 33 26 46 119 189 146 0ates 80 137 Tribury Group 162 185 185 185 185 185 185 185 185 185 185	edvasiosy (Co. ] 42	De BeckerRen074 425 8 87.9% 179 179 189 44.51 HP 174 174 174 229 34 133 8 44.51 Lesones Sins 158 5.0 25 45 122 24 11 02 Redits G.B.( 137 225 1 28 16 5 0) 25 12 189 189 189 189 189 189 189 189 189 189	Action 20p
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(2) 5%, (b) Figures in parentheses show RP) base month for indexting le 8 months prior to issue. RPI for December 1985; 378.9 and for July 1985; 384.7.  INT. BANK AND O'SEAS GOVT STERLING ISSUES 1164 94-14foca Dr 81-114.2 2016 1077 10.00 9 88	y 260 179 Bank Lenni 1980£1 200 11 120 27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Column   C	10g	25 Forefree 3 4 -1 1725 28 48 14.7 135 8 6c roam Grown 5 5 540 st -2 12.0 0 3.1 0 528 521 521 521 521 521 521 521 521 521 521	con AS MISO
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9911 991 10 975 27 4 87 9911 991 10.00 1001 991 10 976 18 5 87 9911 9.89 10.00 1001 991 00 911 0 1 8 7 9911 9.84 10.00  Pathic Board and Ind. 901 701 (Agric Mt Soc 59-89 8912 5.59 9.88 4612 39 Met Wt. 3pc 76 4526 6.57 9.33	S41   40   Moorant Merc. 100   S11st   16 16 44   195     394   258   Prov. Francol   322   110   107   114     253   133   Woodclester (RZ00.   253   115   100   179   6   22   6     BEERS, WINES & SPIRITS     363   252   Albed-Lyors.   330   5   9   9   21   41   146	515   345   Durinti Hilos. 100   512   +8   5.5   4.8   1.5   16.8   365   258   Reserve   842   31.4   1.5   16.8   365   258   Reserve   842   31.4   1.5   16.8   365   258   Reserve   842   31.4	Cris 2009-14 279 7-817-317-2 - 500 200 Pr 5 5 102-4 115 4.9 12.1 13.5 258 157 Rb as Crp 50.20 12 5M 370 Rb line Cost. 5p 54 -1 42.0 4 5.4 4 6 444 523 458 as 5p 275 +3 11.65 65 10.9 21.6 416 344 52	remer Grp R0.50. 200 158d \$ 11.2 \$ 203 96 Hz  258 75.29 2.7 91.5.7 96 65 58  Presenting N.505 398a 92.2 24 4.3 11.1 430 195 94  Seeway S1.5655 644 +15 \$1.70 -25 142 120 84  Supplement 1. 400 44 5.5 5.3 11.9 73.4 11.7 08	portet Ceranic 285 +6 72 17 49 171 181 181 181 181 181 181 181 181 181
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AMERICANS  1984   Price   + er Div   Y'ill High Low   Stock   E   - Gress E'w Gr's	315 227 Whathread A 255 -8 7.8 • 4.1	132   111   LCP Hidos   122   45   14   52   182   250   173   175   1	(F.W.) 100 245 13,9 6.0 2.2 10.4 385 229 44 64 62 62 10.4 31 1.1 30.4 99 76 64 16 Francis 50 280 71.65 8.8 0.0 19.3 38 2.2 1 10 10 10 10 10 10 10 10 10 10 10 10 1	Midsonner larc 50p 380 g2 S 40 1 0.9 322 39 22 1.0 corfolk Canatal 50 36 37 42 1 155 125 70 49 10 corfolk Canatal 50 26 3024 2.7 13 33.6 74 42 La corfolk Canatal 50 113 27 2.9 13 33 19 120 tac	Hi Groon 150 35 0.35 5.3 1.4 198 author Thorston 105 +5 5.75 2.2 5.0 125 to 125
27. 22. Alcoa S1 25. 44. 31.20 — 3.2 109. 115. Waterbrey & WS1.01 16. 16. 17. 18. 17. 18. 17. 18. 17. 18. 18. 18. 18. 18. 18. 18. 18. 18. 18	267   215   AMEC 50e   240   +1   11.0   19   60   12.3   186   109   Abbrty   186   200   4   3.5   4   60   12.4   6   6   12.5   6   6   6   6   6   6   6   6   6	250   165   Rincroft Kilgour IDp   227     7.0   25   4.3   12.2   505   320   VE Inst   227   167   Marice & Sponter   206   +1   39   21   27   247   320   225   Vales (	traments 10p.   480     25 8 9 0 7 30.0   134.1 12   6	Do PopCe, 91.61. 1333 7%4 y 7.4 225 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 66 75 226 159 66 75 226 159 66 75 226 159 226 159 66 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226 159 75 226	netion Injust 126
143-9106   James Mentical Int. 51   104-7   720   4.7   171-8   141-14   171-8   171	377   284   Bagerdge Brick   345   16.88 4.0   2.8   123   32   21   Statey (Beal IDp   25   40.27   +	330   310   Oliver (G) "A"   315   90   13   40   182   96   40   Wordshift   150   80   80   80   80   80   80   80	S4   0   4.6   0   179   184   185	INDUSTRIALS (Miscel.)   372   257   Miscel.   126   41   7.8   3.0   5.0   9.5   6.8   8.0   1.9   6.78   40   8.4   1.9   7.8   40   8.4   1.9   7.8   40   8.4   1.9   7.8   1.0   8.4   1.5   1.9   1.5	ray Fr. 409
SZ26   155-8   BASIX COPU.   5769   -10   12x   -14	SSO   238   BPB Intol. SQn.   SLD   SQL   34   25   15.1	170   136   Reed Ausin W RV   175   +8   3.0   2.1   4   4   4   4   5   4   5   5   2.1   5   5   2.1   2.2   9   5   6   6   6   6   6   6   6   6   6	Company   124   -1   17.75   20   51   13.6   22.2   180   4.6   18.6	Attheyerest 10p.   128     125   28   29   17.1   13   85   62   48   17.1   17.1   18.5	inting (set 10) 636 175 0 379 0 archald (1,1 Looky, 130 + 2 h3.77 5.1 4.2 9.3 archald (1,1 Looky, 130 + 2 h3.77 5.1 4.2 9.3 archald (1,0 14 h3.77 5.3 9.4 1.3 archald (1,0 14 h3.77 5.3 9.4 1.3 archald (1,0 14 h3.77 5.3 9.4 1.3 archald (1,0 14 h3.3 p.) archald (
17   37   38   38   38   38   38   38   3	177   123   Methods   167	640   255   Mest 20p   254   357   35   15   26,0   100   353   310   Other (G) "A"   315   90   19   40   18.2   25   25   47   28   33   310   Other (G) "A"   315   90   19   40   18.2   26   40   Words   190   53   Pentin 10p   70   90.7   6.2   1.3   14.2   25   17   \$25   24   17   \$25   25   17   \$25   25   17   \$25   25   17   \$25   25   17   \$25   25   17   \$25   25   17   \$25   25   17   \$25   25   25   25   25   25   25   2	ENGINEERING  10- 562 +2 H18.0 1.6 4.5 27.0 1.13 600  10- 565 +2 H18.0 1.6 4.5 27.0 1.13 600  10- 10- 10- 10- 10- 10- 10- 10- 10- 10-	NDUSTRIALS (Miscel.)   392   257   Miscel.   120   Miscell.   12	Miles 10n   38m   1.0   3.0   3.6   13.5     Crity Pa. 20s   38m   479.5   2.3     Crity Pa. 20s   33m   479.5   2.3     Crity Pa. 20s   33m   479.5     Crity Pa. 20s   34m   479.5     Crity Pa. 20s   48m   479.5     Crity Pa. 20s   48m   48m     Crity Pa. 20s   48m   48m     Crity Pa. 20s
					and the fact that



Recent Issues " and " Rights " Page 27

(International Edition Page 23)

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1. 1

Account Dealing Dates

Option

\*First Declara- Last Account
Dealings tions Dealings Day
Aug 11 Aug 28 Aug 29 Sept 8
Sept 1 Sept 11 Sept 12 Sept 22
Sept 15 Sept 25 Sept 26 Oct 6

\*\*New-time\*\* dealings may take
place from 9.30 am two business days
andless.

A mid-session rally in London equity markets failed to hold yesterday and most leading equities settled lower on balance. Gilts, in contrast, enjoyed a firm

equities settled lower on balance. Gilts, in contrast, enjoyed a firm and active trading session.

The early scene in equities was clouded by the announcement of a possible offer for Philip Hill Investment Trust from British Printing and Communication. The prospect of substantial lines of blno chip industrials flooding the market if the deal goes through and PHIT's portfolio is liquidated was soon reflected in a mark down of a number of the leaders. Dealings in PHIT and BPCC were temporarily suspended at 323p and 298p respectively.

Beecham, one of PHIT's largest holdings, were particularly sensitive and fell away to 392p before recovering to 401p and eventually settling 6 lower on the day at 395p.

Other leading issues also met with support at the lower levels, underlying confidence being boosted by the good July retail figures and the rise in Revenne receipts which encouraged hopes that the Government may be able to achieve its planned tax cuts in the next budget.

the next budget.
Stores lent weight to the revival, while Olls were again well supported in response to overnight US demand. However, well supported in responso to overnight US demand. However, American offerings of international stocks such as Glaxo and easier opening transatlantic indications marred the late tone. Reflecting the trend, the FT-SE 100 share index, down 52 at 10 am, recovered to show a rise of 0.8 at 2 pm before sertling 4.6 down on the day at 1,604.4 The Financial Times Ordinary share index ended 5.8 lower at 1,267.8. Government securities came to life with a flourish as buyers showed a revival of interest which enabled tha Government broker to supply stock in the long tap Treasury 8½ per cent 2007 which was eventually exhausted at 93½ after haying been reactivated earlier in the day at 93½. Other stocks in this area pushed ahead to close with rises extending to ½. The revival was helped by further flagging indications in the US economy which encouraged bopes of lower interest rates in the near future. Outside the conventional stocks, the remaining supplies of Treasury 2½ per cent index linked 2013 were sold at 90.

#### Standard disappoints

Already a dull market at 732p Already a dull market at 732p following the disappointing interim results. Standard Chartered gave further ground after an analysts' meating held later to discuss the figures and the close was ventually 15 lower at 722p. The major clearers drifted lower for want of support with Lloyds closing with an above-average fall of 7 at 430p. Elsewhere, English Trust jumped 14 more to 145p on further speculativa buying fuelled by takeover hopes. loyds closing with an aboveverage fall of 7 at 430p. Elsethere, English Trust jumped 14
ore to 145p on further speculavora buying fuelled by takeover
opes.

Composites recovered from a balanca at 489p. Other Electrical
for the shares which
advanced to 495p at one stage
hefore closing 7 higher on
balanca at 489p. Other Electrical
ladders however, driffed lower

**EQUITY GROUPS** 

& SUB-SECTIONS

Electronics (38)

Mechanical Engineering (61)

Metals and Metal Forming (7)

GORSUMER GROUP (162) .... Brewers and Distillers (22) .... Food Manufacturing (22) .... Food Retailing (15)

Leisure (28)
Publishing & Printing (14)
Packaging and Paper (14)
Stores (38)
Textiles (17)
Tobaccos (2)

OTHER GROUPS (88)
Chemicals (20)
Office Equipment (4)
Shipping and Transport (13)
Telephone Networks (2)

Banks (7)
Insurance (Life) (9)
Insurance (Composite) (7)
Insurance (Brokers) (9)
Insurance (Brokers) (9)

FT-SE 108 SHARE INDEX 4 ....

**FIXED INTEREST** 

Ozy's change %

141.47 +0.48 140.90

209.54 +0.52 148.76

165.42 +0.61 164.42

137.75 +0.35 137.27

Tues August 19

122.84

11400

116.10

115.70

Beharium & Luur . | 119.84 | +0.26 | 119.61 | --

Mon August 18

113.99

84.34 +0.27 84.11 - 3.79

+8.02 | 116.08

+0.02 115.67

+0.16 122.64

Property (50)... Other Financial (23) Overseas Traders (14)
10 Overseas Traders (14)
11 Overseas Traders (14)
12 Overseas Traders (14)

British &

2 5-15 wars.

4 Irredeema

5 All stocks.

6 5 years.

7 Over 5 years.

3 Over 15 years

1 5 years.

Leisure (28).

# Unsettled day in equities but Gilts finish on strong note

ended 4 daarer at 822p, after 814p, and Royals were unaltered at 822p, after 814p.

Leading Breweries drifted lower in subdued trading Bass dipped 18 to 740p, while Whitbread A fell 8 to 265p. Scottish and Newcastle eased a few pence to 188p on further consideration of its agreed purchase of Homa Brewery of Nottinghamshire. Matthew Brown, bowever, rebounded 30 to 495p as speculators gambled on Scottish renewing its assault in the New Year. Takeover chatter also enveloped Vanx, 20 up at 400p, hut renewed profit-taking left J. A. Devenish 7 cheaper at 205p.

Cement and construction

Cement and construction issues were hought ahead of important trading statements, dua in the next couple of weeks. important trading statements, dua in the next couple of weeks. Depressed receotly amid fears of increased competition from cheap imports of Greek cement, Blue Circle put on 10 to 548p, after 550p; the company's interim results are expected a week today, Bugby Portland rose 4 to 150p. Construction stocks included numerous good features, most notahly Tarmac, finally 12 up at 466p, and Costain Group, which were 10 higher at 550p. Taylor Woodrow gained 5 to 337p and Wimpey edged up to e year's best of 219p. Elsewbere, fading bid bopes left Tay Homes 6 off at 140p, while profitaking lowered Vibroplant 5 to 355p despite favourable comment on the sharply increased pre-liminary profits.

Among Chemicals, Blagden

Among Chemicals, Blagden Industries gava up 4 more to 123p still reflecting the 16 por cent decline in interim profits announced on Monday. ICI moved narrowly either side of the overnight level of £10.

#### Jewellers buoyant

Revived talk of a reduction in personal taxation coupled with the encouraging tenor of the latest CB1/FT survey of distributive trades ensured a firm showing hy leading Retailers. Jewellers were particularly huoyant with Combined English, still responding to the purchase of the Zales chain for £26.7m, rising 13 to 228p. Ratners touched 201p before settling a net 8 to the good at 198p, while Goldsmiths put on 6 for a two-day advance of 24 to 218p. Gussies A hardened a fraction to £103, and W. H. Smith A, scheduled to reveal annual figures today, rose 4 to 296p. Fresh speculative demand lifted Allebone 5 to 51p and Bentalls a similar amount to 143p, but sellers beld sway in Executex Clothes, 7 cheaper at 128p. Further consideration of the interim statement prompted scattered support for Mrs Flolds, 7 up at 132p. Revived talk of a reduction in

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times.

the Institute of Actuaries and the Faculty of Actuaries

Day's Change %

Index No,

1291.63 +1.5 872.33 -0.1

872.33 -0.1 598.97 -0.1 644.61 -8.5 872.27 +0.2 471.79 +0.3 341.15 -0.6 766.75 +0.2 338.84 +0.2 772.39 +0.4 267.21 -1.4 642.68 +0.3

793.35 -0.1

क्ष श्री. सर्वेश

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nd adj. 1986 to date

8.59

8.44

7.27

8.15

1.18

2.34

213

6.73

7.16 3.88

19.67

5.67 8.96

11.78

4.57 5.56 4.28 4.50 3.95 4.11 3.58 4.56 2.96 6.00 6.77

8.64 10.08

| Index | Day's | Day's | Day's | Aug | Aug | Aug | Aug | Aug | Aug | No. | Change | High | Low | 18 | 15 | 14 | 13 | 12 | agg | 1604.4 | -4.6 | 1610.2 | 1603.2 | 1609.0 | 1601.9 | 1583.2 | 1581.0 | 1553.2 | 1307.1

25 years... 5 years... 15 years... 25 years... 3 years...

5 yrs... Over 5 yrs... 5 yrs... Over 5 yrs...

25 5 15

Index-Linked
Index-Linked
Index-nate 5%
Index-nate 5%
Index-nate 10%
Index-nate 10%

Tuesday August 19 1986

Gross Div. Yield % (ACT at 29%)

Est. P/E Ratio (Net)

	-		<b></b>							
	Aug	Aza	Agg	Aug	Aug	T025	19	1985		mpilution
	19	18	15	14	13		High	Low	배화	).ow
Government Secs	89.62	89.29	89.29	89.00	88.86	83.33	94.51 (184)	80.39 (20/1)	. 127.4	49.38 (30.75)
Found Interest	95.54	95.46	95.48	95.34	95.69	88.64	97.68	86.55	105.4	50.53 GA/751
Ordery V	1,267.8	1,273.6	1,271.0	1,263.2	1,261.0	982.2	1,425.9	1,094.3	1,425.9	49.4
Gold Mines	219.0	224.9	229.6	230.3	233.7	322.3	357.0	185.7	734.7	43.5
Ord. Div. Yield	4.37	4.35	4.36	436	4.37	4.90	S.E. ACTIVITY			( UZ/10/11
Earnings Yld.%(full)	10.55	10.51	20.52	10.57	10.60	11.81	ln	dices	Ang.18	Aug.15
P/E Ratio (net) (*)	11.56	11.61	11.60	11.54	11.50	10.44	Gilt Edged	Bargaios	108.8	114.9
Total Bargains (Est)	20,851	21,151	20,598	20,525	20,750	21,038	Equity Ban Equity Val	<del>يس</del> ــــ <del>كالم</del>	128.0 961.9	126.9 1511.5
Equity Tarnover S.m		475.88	747.81	653.95	642.62	399.32	5-Day Ave	rage		
Equity Bargains	l –	19,757	19,585	19,550	20,011	22,517	Equity Bar	Bargahis	109.9	108.5 125.5 1242.6
Shares Traded (mi)	-	221.9	294.5	285.5	298.6	180.7	Equity Val	بر التور التوريد	1264.0	1242.6
		155	am	Noon	<u> </u>	1 p.m.	2 p.s		3 p.m.	4 p.m.
Opening 1273.6	10 a.m. 1269.2		70.8	1272		272.7	1272	7	272.2	1269.1
Day's High 127	73.6. D	ay's Low	1267.8	2 O-Go	1775 C	ald Misse	12/ <b>9/5</b> 5, SE	Activity 19	70 =Nij=71.	17.
6385 100 GOV										
	FOKDDI	4 REPOI	CHA TI	LATEST	SHARE	INVEX	TEL. 03-	240 8020		

FINANCIAL TIMES STOCK INDICES

for want of support. Profit-taking in the wake of tha annual ganeral meeting left Racal 6 off at 180p, while GEC lost 4 at 188p as did British Telecom at 198p. Elsewhere, Electrocomponents gained 8 to 395p and Penny and Giles rose 11 to 181p in reply to a broker's circular. Holmes Protection (formerly SCUSA), put on 4 to 124p on revived US hid speculation and Molynx closed tha same amount dearer at 88p in response to the sharply higher first-half profits. International Signal and Control advanced 10 to 260p following Press comment and speculative buying lifted Sound Diffusion a couple of pence to 39p. Unitech rose 6 at 195p and System Designers bardened a couple of pence to 94p, the latter following tha interim results.

Features were few and far between in a quiet Engineering sector. Crown House, still reflecting the mechanical and electrical services contracts worth over £27m, firmed 7 afresh to 200p, while Thomas Robinson closed the same amount dearer at 350p following speculative support. Beauford hardened a few pence and Tyzack Turner gained 5, both to the common level of 63p. Babcock International came on offer at 182p, down 4; the interim results are scheduled for early next month.

A clutch of hrokers' ballish elevaluated fine and the same and the property and the product of the province of the pr next month.

A clutch of brokers' bullish

A clutch of hrokers' ballish circulars again stimulated Food Retailers which made modest progress in increasingly narrow markets. J. Saimsbury hardened 6 to 404p, whila Tesco, 402p, and Argyll, 327p, hoth put on a couple of pence. Revived speculative support lifted Glass Glover 8 to 208p, while talk of a broker's circular in the offing aided Albert Flaher, finally 6 to the good at 180p.

Mount Charlotto Investments

Mount Charlotto Investments

Mon Assurat 18

index No.

- 3.99 - 15.09 793.93 790.34 783.63 632.16

20.76 769.37 764.77 761.02 585.46 6.11 270.95 268.74 287.83 258.67 23.69 640.93 641.25 642.83 599.42

Tues Appress 19

9.14 9.17 9.45 9.44 9.43 9.57 9.60 9.44 9.16

3.46 3.47 2.11 3.30

10.06

10.42 10.44

Mon August 18

9.18 9.22 9.50 9.48 9.43 9.47 9.50 9.22

3.45 3.47 2.09 3.30

10.10 29.44 20.47

Year ago Year

10.03 19.26

19.21 19.21 19.58 19.21 19.86 19.72 19.30 19.82

11.49 11.36 11.23

Fri Aug

ludex No.

Thers Aug 14

No.

Year ago (approx.)

Intex No.

merger talks with Pleasurama were terminated; the latter fell 7 to 316p. Queens Moat Houses improved 1½ to 75½p in front of tomorrow's mid-term statement.

#### Glaxo sold

The mixed miscellaneous industrial leaders were featured by lata weakness in Glaxo which dropped 30 to 965p following US selling. Rank Organisation firmed 8 to 500p and Rechitt and Colman improved 7 at 777p. Hanson Trust bardened a couple of pence more to 180n on further Hanson Trust bardened a couple of pence more to 180p on further consideration of the paint deal with ICI. Elsewbere, the popularity of building stocks yesterday was reflected in a rise of 6 to 205p in Hepworth Ceramic and a gain of 9 to 193p in Turner and Newall, while Steetley added 5 at 487p. Eastern Produce, meanwhile, attracted speculative demand at 272p, up 7, and Peerless jumped 9 more to 134p following comment on the profits recovery. Extel, ewalting further news of Robert Maxwell's stake-building exercise, dipped 6 to 402p. Pentland Industries, at 480p, lost 10 of the previous day's gain of 35; the interim results are scheduled for August 28.

Leisure issues lacked a decided trend. Horizon hardened decided trend. Horizon hardened the turn to 119p awaiting today's interim results, while tha forthcoming flotation of Yorkshire Television directed support to LWT, 8 up at 365p. Samnelson, however, dipped 5 more to a year's low of 160p, again reacting to the cantious tenor of the chairman's recent statement, while Viewplan, a dull market since the disclosure, that, hid talks had proved to be fruitless, fell 8 more to 50p.

Widespread caution in the wake of the uninspiring interim statement prompted fresh offer-

Composites recovered from a balanca at 489p. Other Electrical dipped to 92p before settling 5 statement prompted fresh offerdull start. General Accident leaders, however, drifted lower chesper on balance at 94p as ings of Jaguar which dipped 27 for a two-day decline of 45 to
for a two-day decline of 45 to
498p. Elsewhere in Motors, Volvo
eased 1 to £391; tha company is
to apply for a listing on the
Tokyo Stock Exchange. Components trended firmer. Aerospace Engineering advanced 4 to 74p in response to the increased full-Advertising agencies

related issues continued to make modest progress. Boase Massimi Pollitt put on 7 more to 284p.

division.

Among Financials, Barrie Investment and Finance hardened a fraction to 154p following Press speculation that Bestwood, 17 cheaper at 568p, is set to increase its offer.

### BP at 1986 high

Recent builish UK and US circulars on oil prices and oil shares continued to encourage good demand for the leading oils which made further progress the profits down by £2m to despite an easier trend in spot first profits down by £2m to prices. BP and Shell were again May 31 1986 on turnover up in demand and the latter reached from £85.84m to £88.89m. in demand and the latter reached a 1986 high of 880p before ending the session 5 firmer on balance at 875p. BP retained a gain of 15 at a year's best of 625p. Britoil hardened a couple of pence at 132p. Second-line issues provided firm spots in Carless provided firm spots in Carless provided firm spots in Carless the next few months, would tury, a like amount up at 126p, while Triton Europe attracted a fresh flurry of support and closed a further 12 to the good at 118p.

Interest in mining markets trunver and the investment in the investment.

in response to the increased fullyear profits and proposed onefor-fivo scrip issue, while huyers
also displayed enthusiasm for
Supra which rose 7 to 75p ahead
of today's half-timer. Distributors
showed British Car Auction
another 4 to the good at 14ip
amid fresh flurry of support and closed
a further 12 to the good at 14ip
and fresh flurry of support and closed
a further 12 to the good at 118p.

Interest in mining markets
shifted dramatically from gold
and platinum shares to diamond
producer De Beers. Interim
profits well below market expectations and a smaller-than-expectations and a smaller-than-expec

### **NEW HIGHS AND LOWS FOR 1986**

NEW HIGHS (69)
BRITISH PURDS (1) Tress, 2<sup>1</sup>-pc I.L.
2018 A. AMERICANS (4) American
Cyanamid, American, Pacific Telesis,
Southwestern Bell. BANKS (3)
Oeutsche Bank, English Trust, Walls
Errgo. BREWERS (2) Burtonwood,
Fuller, Smith & Turner A. BUILDINGS
(2) Johnstons's Peints, Wimpey (G.),
CHEMICALS (1) Plysu. STORIES (2)
Fields (Mrs.), Rathers, ELECTRICALS
(6) Checkpoint Europe, Compsott, NEC
Corp., Penny & Giles Intl., Sherwood
Computer, Toshibs Corp. Briginsering
(1) Robinson (Thos.), FOODS (2) Fil.
Tesco. INDUSTRIALS (5) British Vita,
Essalts 8, Meinmet. Peerless, Worcaster, INSURANCE (1) London
United, MOTORS (3) BTS, Supra,

### BASE LENDING RATES

	70		<b>70</b>
ABN Bank	10	Exeter Trust Ltd.	101/4
Allied Arab Bank Ltd	10	Financial & Gen. Sec	10
Allied Dunbar & Co	10	First Nat. Fin. Corp	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk	10	Robert Fleming & Co	
Amro Bank	10	Robert Fraser & Ptrs	11
Henry Ansbacher.	18	Grindlays Bank	440
Associates Cap Corp	14	Guinness Mahon	110
Banco de Bilbao	10	Guinness manon	70
Bank Hapoalim		Hambros Bank	10
Bank Leumi (UK)	70 70	Heritable & Gen. Trust	10
Bank Credit & Comm	10	Hill Samuel	51 <b>0</b>
Park Credit & Commis		C. Hoare & Co	10
	10	Hongkong & Shanghai	10
Bank of Ireland		Knowsley & Co. Ltd	1014
Bank of India	10	Lloyds Bank	10"
Bank of Scotland	10	Mase Westpac Ltd.	10
Banque Belge Ltd	19	Meghraj & Sons Ltd.	**
Barclays Bank	16	Midland Dank	16
	7 <b>2</b>	Midland Bank	16
	ii	● Morgan Grenfall	19
Berliner Bank AG		Mount Credit Corp. Ltd	10
Brit. Bk. of Mid. East	iã	National Bk of Kuwait	18
	10	National Girobank	18
CL Bank Nederland		National Westminster	10
Canada Permanent		Northern Bank Ltd	10
Compa Ted	10		îi l
Cayzer Ltd	1		
Cedar Holdings	13	Provincial Trust Ltd	1014
• Charterhouse Bank			<u> 11</u>
Citibank NA	19	Description Commission	10
Citibank Savings	19%	Roxburghe Guarantee	11
City Merchants Bank 1	19	Royal Bank of Scotland	19
Clydesdale Bank	19	Royal Trust Co. Canada	10
Comm. Bk. N. East	10	Standard Chartered	10
Consolidated Credits		Trustee Savines Bank	10 1
Continental Trust Ltd.		UDT Morigage Express	110 2
Co-operative Bank		United Bank of Kuwait	10
The Cyprus Popular Bk	16	United Mizrahi Bank	in I
Duncan Lawrie	10	Westpac Banking Corp	14
E. T. Trust	ï	Whiteaway Laidlaw	1014
Fountarial Fet Comla	10 10		
			10
<ul> <li>Members of the Accepting Ho</li> </ul>	usės Ce	mmittee. * 7-day deposits 5.69%	6.3- 1
month 6.03%. Top Tier—£2,50	0+ at 3	months' notice 9.72%. At call u	rheo
FIG MOL danage of d	L Call d	America 67 000 and over 61 pe	

£10,000+ remains deposited. ‡ Call deposits £1,000 and over 64% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

lowing the figures before a later and minor rally left the shares a net 39 down at 414p. The selling was evenly spread between Jonannesburg. New York, the Continent and London.

Gold and platinums remained a weak market, and gave ground for the fourth consecutive trading session. The further decline in precious metal prices initiated

ing session. The further decline in precious metal prices initiated widospread, although generally modest, sales and share prices fell for much of the day before steadying towards the close when metal prices tended to pick up metal prices tended to pick up a shade. Bullion, down to around \$370.5 early in the session, eventually closed a net \$2.5 off at \$375.25. The Gold Mines index dropped 5.9 more to 219.0, extending the fall over the past four days to one of 14.7.

Randfontein sustained a £1½ fall of £44½ but losses among other leading issues were usually restricted to around ½ or ½ as in Winkelhaak, £10, Buffels, £12½ and Western Deep, £18½.

South African Financials retreated in line with De Beers. Associate Anglo American Corporation settled 15 cheaper at 725p, "Ameoal" slipped 12 to 375p and Gencor fell 13 to 662p. Platinums showed losses of 20 in Impala, 715p and Rustenburg, 685n.

Among UK-registered Financials, Consolidated Gold Fields, scheduled to announce preliminaary results on 5eptember 16. lost 10 at 462p, while Rio Tinto-Zinc, unsettled by the recent weakness in copper pries, gave up 6 at

modest progress. Boase Massimi Pollitt put on 7 more to 284p, while Wight Collins Rutherford. Scott, a firm market recently following acquisition news, hardened another 5 to 487p. USM-quoted KLP were marked 11 higher to 308p in belated response to Press comment. Secondary issues provided tha focal points in Properties. Wingate Property Investment, still reflecting the bid from Chase Corporation of New Zoaland, improved 10 afresh to 450p, while gains of 15 and 20 respectively were seen in London and Edinburgh, 650p, and Mountview Estates, 760p. Berkeley and Hay Hill revived with a speculative improvement of 1½ at 15p.

Textiles continued to present an irregular profile. Courtaulds, 262p, gave up S and 6 respectively. John Crowther, on the other hand, hardened a couple of pence to 157p as brokers de Zoete and Bevan issued a bullisb circular following the appoint ment of a new executive chairman to Crowther's carpets division.

Among Financials. Bartie

### NCR profits fall to £16m at midway

	UROP		Non.	1	4		ANG	1
	ries	Val.		Vol.	Lest	Yes.	Last	Steek
COLD C COLO C COLO C COLO C COLO C COLO C COLD C COLD P	\$250 \$250 \$270 \$270 \$270 \$420 \$420 \$420 \$420 \$370	47 × 8 × 50 20 20 20 20 20 20 20 20 20 20 20 20 20	40 31 1740 13 21 8,10 5 7	[7-6]   4-1   150	70 6-207 X 5-207 	1111111111	пини	
GOLD P	2380		inst.		304			
SEPTEMENT STREET PPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPP	R345 R355 R355 R255 R255 R256 R256 R256 R256 R256 R2	1-13-4 558 19 1 188 187 4 19	3.25 2 3.40 4.50A 2.40 0.40A 		5.50 7.46 5.30A 5.40A 2.40 2.40 1.36 5.70 6.504 1.506 15.79	301-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	7.50 7.50 3.304 2.60 10.70 13.700	F1. 200.3
			d.	and the same		1	<b>.</b>	1
ABON C ABON P ABEGN P AN P AN P AN P AN P AN P AN P AN P A	6.600 6.100	明明的 · · · · · · · · · · · · · · · · · ·	17.50 15.50 1.50 1.50 1.50 1.50 1.50 1.50	esessynder   where   sessynder	74 14 14 14 14 14 14 14 14 14 14 14 14 14	2011-148-14111111111111111111111111111111	755 755 755 755 755 755 755 755 755 755	PLSTS PLIQUES

#### TRADITIONAL OPTIONS

Stocks favoured for the call Bristol Gil and Minerals, Pentincluded Hoimes Protection, land, Barker and Dobsan, Prestands and Northern, Abaco wiel, PSM, Ryan International, Investments, Sheraton Securities, H. Young, Strond Riley Drum-CASE, Sutcliffe Speakman, mond and Ecobric. No puts were Widney, American Electronic reported, but a doubla was taken Components, Stormgard, Hawley, out in Amstrad.

#### RISES AND FALLS YESTERDAY

citish Funds	Rises 99	Falls 2	Seme 13		oris	29	8	79
Foreign Bonds	353	264	62 906	Mines Others		25 63	71	86
mancial & Props.	761	71	344	Totale	************	732	487	7,583

### **MONDAY'S ACTIVE STOCKS**

Stock Wingste Prop. BPCC	19 18 16 16	Mon. close 440 298 526 490 406 130	Osy's change 10 + 6 15 +35 +11 + 7	Stock Scot. & N'cessis Bowster Inde. BP Shell Trans LASMO	thanges 14 72 72	190 323	0sy's chang + 9 - 7 + 10 + 16 + 5 + 8
41104	17	130	Ŧ <b>′</b>	MIE	"	697	4.0

### YESTERDAY'S ACTIVE STOCKS

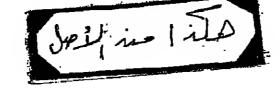
Above average activity was noted in the following stocks yesterday. 262 138 238 116 price 395 221 414 364 966 £10 Agotts
Da Bosrs Daid
Osxons Group
ICI

LON	DON	TRA	DED	OPTI	ONS	
ALLS	PU	TS				CALLS
ton An-	Con Lin	T Are		Continue	-	- F

n ted mid-way dividend triggered				-	ŲN.	UU	14	KA	DED (	ושט	IJU	<b>N</b> 2				٠.	
a flurry of selling which lowered  De Beers to 410p immediately fol-				CALLS	3		PUTS					T	CALI	S	_	PUTS	
De Deers to 2109 immediately 101-	Cptiou Allieri Langua	300	Oct.	Jan.	Apr.	Oct.	Jan.	Apr.	Michael	Option	E00	Arg.			Aug.	Nov.	Feb.
	Alfied Lyons (*390)	300 330 360	45 27 10	55 35 20	- 65 45 28	7 16 35	22 37	12 25 40	(*53		500 550 600	40 5	NON	70 40 29	15	28	15.67
LOWS FOR 1986	8.P. (%25)	500 550 600	130 80 35	142 93 53	107	1 4 37	3 10 25	38 32	P. & (*50	0. 80	460 500 550	52 15 2	60 32 14	75 47 28	1 5 6	18	10 22 47
Lookem, NEWSPAPERS (1) EMAP A. PAPER (2) Buszi, Thorpec, PROPERTY (1) Dwyer, TEXTILES (1) Leads Group. TRUSTS (24). OILS (5) Brit, Pstroleum.	Cors. Gold (*464)	420 460 500 550	64 34 12	75 47 25	84 54	10 27 55 95	18 40 70	50	Rac (*18	0)	160 180 200	22 5	30 18 9	36 24 15	2 6 22	5 13 24	16 26
Chevron, Exxon, Royal Outch, Shell Trensport, OVERSEAS TRADERS (1) Inchesps, MINES (1) Metals	Courtmaids (*265)	250 260 280	31 17 10	=	38 27	95 11 24	157	=	R.T.; (*50	Z 90	500 550 600	92 42 7 12	102 62 37 18	114 72 50 27	2	17 42 80	10 00 00 00 00 00 00 00 00 00 00 00 00 0
NEW LOWS (15)	Cors. Union			30 19	41			19 30 9	Vani R		50	1 8		2 1/472	20 20 1		95
ELECTRICALS (4) Britist, CPU Com- S puters, Detron Intl., United Leasing, C FOODS (1) M6 Cash & Carry, INDUS-	(*308) Cable & Wire	290 300 330	30 11 4	35 24 14	30 20	4 11 30	7 14 32	19 35	7). 11149	1991	70 106 108	战			23°	34 712 2442	92
TRIALS (2) Suit. Sloodstock, Stown G & 7swss. LEISURE (1) Samuelson. I. PAPER (1) Moss Advertising. SHIP.	(*337)	325 325 350 375	28 10 5	4123	22.2	137	20 32 48	200	Trallage	03/07	110	30 30 30 30		111	06 06 1%	27	17 <sub>4</sub> 5
PING (1) See Containem. TRUSTS (3)   Containem. Trusts	\$8500ers (*728)	600 600 700	153 97 50	Ē	Ξ	2 5 10	Ē	Ξ	(40)	(9)	116 120 122	90, 144, 074, 044	35	5 44 3 2	85.7	13e 23e 34e 44	200 See 50
	S.E.C.	180	15	22	28 18	6 17		11 .		Орйон		Sep			Sep	Dec	Mar
	Grand Met.	200 220	3	12 5	18  57	36	9 20 36	18	Beest (~40	0)	360 390 420 460	2582	5755212	45 32 20	1277	20 37 47	拉克尼尼
DING RATES	(*375)	360 382 390 420	22 12	33	40	18	198	33	Boo (*22	<u>ຮ</u>	200 220 240		36 23 23 12	20 44 29 19	22 22 21	47 575 126	70 75 25 27
Exeter Trust Ltd. 1914	(*997)	900 950 1000 1000	3270 38	144 104 70 40	122 87	5 14 30 60	988	27 50 75	(*28	R 5)	200 300 307	127 5	30	19 40 30	8 2	25 35	20
Financial & Gen. Sec	Land Sec. (*325)	300 330 360	31 11 3	40 20 10	48 29 17	4 12 38	7 14 38	75 8 16	. Bas (*74	5	700 750 800	520	7502	988	2000	12 28	0.5
Robert Fleming & Co	Marks & Spen. (*206)	180 200	30 14	36 22 11	43 30 16	12	3 7 17	10	Sine C (*54	trole 2)	950 600 650	18 5	40 18 5	5822	28		DI SERVE
e Guinness Mahon 16 Hambros Bank 19	Shell Tracs. (*878)	750 800	135	150 102	158 120	11/2	17 8 14 32	20 15 27	De Be (*\$6.	130	500 600 650 700	80 50 25 15	9.542	15.80	17		
Heritable & Gen. Trust	Trainigar Hosse (*279)	850 250 260	45	85 25 12	43	25		45 13 22	Dbsc (*36	<b>es</b>			25	40 84	\$6 130		30 E
Hongkong & Shanghai 19 Knowsley & Co. Ltd 191/2		300	17	_	32	14 25	19 25	-			300 330 360	68 38 14	282	84 60 36	11/2 5 12	16	10
Lloyds Bank 10	Loterius (*211)	200	100 <sub>2</sub> 112	26 16	Mar 33	Amp 2 20	Nov 1	Mar 12	(*26	90	260 280 300 330	36 7 21 <sub>2</sub>	24 17	400 To	21 35 45	2482	23.83
Meghraj & Sons Ltd	(1444)	200 218 220 234 240	1	8	23	27	31	22	Çilan (*96	<b>2</b>			125	_			
Mount Credit Corp. Ltd 19 National Bk. of Kuwait 19	Option		Ang	Mon.	Feb.	Aerg.	Nov.	Feb.			900 950 1000 1050	90 55 50 15	94	225 95 70	コススを	20 72 78	15 15 15
National Girobank	Brit, Aero (~490)	460 500 550	33 4 1	45 28 12	883 23	2 15 62	130	20 37 70	(*18	120	150 160 160	ANA	30157	I MAZ	1 1 7 7	1150	7
Norwich Gen. Trust	6AT Inds (*406)	560 390 420 460	20 20 20 20 20 20 20 20 20 20 20 20 20 2	60 40 18 6	73 52 32	1 13 53	SOCC	8 17 27	Jages (*49	E)	500 500 550	13	7 35 17	48 50 15	22	23	28 80
Provincial Trust Ltd	Barcinys (*489)	460 420 460	70 30	52	<u>-</u>	2 3	40		Thors	EMI	420 460	300	87 59	15	29 60 107	100	118.6
Royal Bank of Scotland 19 Royal Trust Co. Canada 10	Brit. Telecom	500	4	25	40	27	32	43			500	13	1 2	44	SE.	20	34
Standard Chartered 19 Trustee Savings Bank 16 UDT Mortgage Express 10.9	(*198)	200 220	19 3 04	26 15 7	34 21 11	11 <sub>2</sub> 5 23	5 33 86	8 18 30	Test (*40	3 3 3	330 360 390 420	88899	862 3423	75 50 32	2 3 7 25	3	
United Bank of Kuwait	Carbony Schwepper (*149)	200	122	20 9 3	25	1 15 34	16 16	11 18 36	Optic				-		1.	뀲	-
Westpac Banking Corp. 19 Whiteaway Laidlaw 1914	Importal Gr. (*365)	320 330 340	67 37 8	75 45 22	Ξ	1 2 6	2 4 3	Ξ	FT-SE					145			-
Committee. * 7-day deposits 5.69%. 1-	Lateroise (*346)	300 330 360	22	881	TO 40	1 3 15	O. O.	)4 25	(*1606)	1525 1530 1530 1530 1530 1530 1530 1530 153	8244 25 25 3	1988 S 4 2 1 5	100 1100 870 554 25	75 75		BECKEN	TA AND
II deposits £1,000 and over 64% gross, and deposit 5.82%. Mortgage 11%.	LASMO (*126)	110 120 130	20	26 20 14	35 27 17			11 14 22	Angec	1675 19, To	2		401		7	15	
			_								700	Serie Pier	Securi	ih terti	-	± 75	

40pening index 1609.9; 10 am 1603.8; 11 am 1606.3; Noon 1609.4; 1 pm 1609.7; 2 pm 1609.8; 3 pm 1609.4; 3.30 pm 1605.8; 4 pm 1605.4 † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues. A flew list of constituent changes are published in Saturday issues.

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# **CK MARKETS**

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AUSTRIA	GERMANY	NORWAY	AUSTRALIA (continued)	- LEBANY C	
Aug. 19 Price + or	Aug. 19 Prico + or	Price + or	Price + or Aug. 16 Aust.8 —	JAPAN (continued) Aug. 18 Prico + or	CANADA
Gredit'nst'lt pp 2,860 +50 Goesser 6,890 -80 Intarunfalj 13,500	AEG	9ergans Bank 156 +1 Borregaard 565 Christiana Bank. 176.5 -1.6	Gen. Prog. Trust 2,6	MHI 576 6 Mitsul Bank 1,180 '+20 Mitsul Co 773 +83	Sales Stock High Low Close Chang   Sales Stock
Langeunzlauer 19,300 150 Landerbank 1, 2,965 + 45 Perimograph 255 + 10	Bayer-Hypp 615 + 51 Bayer-Veroin 567 + 22	OenHorske Cred., 167 - 79     Elkom	Herald WyTimes, 6.16 +0.05 ICI Aust = 8.5 +0.02 Industrial Equity 7	Mitsui Toatşu 9,100 — 40 Mitsui Toatşu 586 Mitsukoshi 1,890 — 10	800 Con Bath A 5600 CDusto 2 I
Steyr Daimler 157 —3 Veltscher Mag 10,500: +500	BHF.Bank 537 —2 BMW 613 +97	Norcem	Kia Ora Gold 0.17 Kidston Gold 6.9 . —0.3	NGK Insulators 819 +7 Nikko Sec 8,100 +160 Nippon Denso 1,550 +10	Prices at 2.30pm 8430 CTL Bank 87 Conwest B
BELGIUM/LUXEMBOURG	Brown Bovari., 830 + 2   Commerzbank 350.5 + 7   Cont'l Gummi 328 + 0   Delmier-Sonz 1,282 + 31	Storebrand 289,5. + 10,5	Lend Lease	Hiccon Gakki 1870 - 80 N-PDOn Kocaku 886 + 10	Attigues 19 300 C Falcon C 2000 Coseta R 700 Costain Ltd 1206 AMCA Int \$143a 144 143a +3a 340 Crowns
Aug. 19 : Prics : + or Frs	Degusta	SPAIN	News 84 +0,2 Nisholas Kiwi 3,8 +0,65 Horanda (P.P.pd) 1,25 -0.61	Nippon Kokan, 259 . +4 Hippon Oil1,110 Nippon šelko 480	1200 Abribi Pr \$231, 23 23 -1, 15567 Crowns A I 
Bang, Gen. Lux. 18,600 2ang, Int.A.Lux. 14,900 +75 8eksert. 12,000 Ciment CBR. 3,895 +75	Deutsche Bank. 846.5 + 16.5 Oresdner Bank. 458 + 16.1 Feld-Mushis Hbi 307 + 6.5 Honkel - 4.5	Aug. 19   Pta %   —	North 8kn Hill 2.09 —0.03 Oakbridge 0,77 +0.01 Paelfic Dunlop 3.85 —0.15	Nippon Steet 604 +3 Nippon Suisan 881 -19	10724 Aforta En \$121 <sub>2</sub> 111 <sub>2</sub> 111 <sub>2</sub> -1 1500 Denison 8 ( 23550 Alcan \$421 <sub>4</sub> 411 <sub>9</sub> 421 <sub>8</sub> -1 <sub>4</sub> 2400 Devoicon \$10 Algo Cent \$22 211 <sub>2</sub> 211 <sub>3</sub> -1 <sub>9</sub> 4600 Dicknap A (
Delhaize	Hochtief	Bco Central   220	Paeffic Dunlop 3,85 —0,15 Pencontinental 2,45 : —0,05 Ploneer Conc 2,48 Poseidon 3,7 Queenstend Coal 1,65 : +0,01	Niopon Yusen 568 + 55 Nissan Motor 568 + 1 Nisshin Flour 836 + 1 Nomura	14100 Asamera \$91 <sub>4</sub> 0 91 <sub>6</sub> +3 <sub>8</sub> 12917 Dotesto 576 Alco I   \$81 <sub>8</sub> 81 <sub>4</sub> 84 - 1 <sub>9</sub> 47900 Dome Mine 200 Alco II \$81 <sub>9</sub> 01 <sub>9</sub> 11 +1.
Fabrique Nat 14,225	Holzmann (P) 665 . +10 Horten 210.5 +4.6 Nusesi 616 +0.5 Karstedt 430.5 +1	8co Vizcaya 1,501 +1 Dragados 309,0 -0,5	Reckitt & Colman 5.14 + 0.64 Recoo 2.53 2.53 3.72 + 0.05 8antos 3.72 + 0.05 8mith Howard 4.45 i	Olympus	1300 BC Sugar A \$21\(\frac{1}{2}\) 21\(\frac{1}{2}\) - 1\(\frac{1}{2}\) 22800 O Tertia   1100 BGR A \$8 7\(\frac{1}{6}\) 6 902 Domitar   12200 BP Canada \$29\(\frac{1}{2}\) 29 29 - 1\(\frac{1}{2}\) 500 Dombus
08L  Brux	KHD	Hidrola	Thos. Natwido S.3 : +0.05	Ploneer	94099 Bk BCot 265 260 265 +5 16900 Dytex A 166366 Bk Monti \$221 <sub>8</sub> 313 <sub>4</sub> 32 - 1 <sub>8</sub> 500 £4. Fin 255739 Bk NScot \$153 <sub>4</sub> 153 <sub>5</sub> 151 <sub>7</sub> - 1 <sub>8</sub> 46538 Echo Bay 156035 Belt Can \$381 <sub>8</sub> 381 <sub>8</sub> - 1 <sub>8</sub> 300 Fines
Krediatbank 16,026 Pan Hidgs 11,050	Lufthansa		Tooth	2enwe Bank 1,440 + 20 Senyo Elect 398 + 2 Sapporo 1,430 + 30 Sakisui House 1,600	8400 Bluesky 290 285 290 +5 4200 Equity Syr 9 800 Bonanza R 160 155 160 159900 FCA Intl 9 6969 Bow Valy \$124 117 112 -3 5467 Elemento
Petrofina	Mannesmann 181.8 -0.7 Marcades Hid 1,120 +22. Mataileasell 314.5 +1.5 Muench Rueck 2,800 +40	SWEDEN Price + or Aug. 10 Kronor	Workworths 3.1 -0.62 Wormald Inst 4 :	Seven Eleven 9,010 +60   Sharp 280 + 35   Shimizu Constn 715 -13	355 Brainoffe 160 196 160 5410 Fed Ind A 2 200 Brancalos 5225 225 225 15 5700 FGft Fin 74242 Brassan A 5251, 251, 261, 10 200
Settina	Hoxforf	AGA	HONG KONG	Shisaido	15110 2rkwater 353 51 53 + 6 9000 Gandsif 13193 5C ForP 512's 123 1234 - 6 600 Gandsif 9260 BC Ros 130 127 130 + 4 166 Gendis A 5610 BC Phone \$271; 273 273 14 466 Gendis A 20 Gant Y 5
Wagons Lits 5,840 -50	Sobering 577 . 43	Astra (Free) 325 —5	Aug. 12 Price + or H.K.5 — Bank East Asia 18,5 - —0,1	Sony	150 Brunswk \$13 13 13 1600 Gebriar 3 9900 CAE \$111 <sub>4</sub> 11 11 <sub>5</sub> 7600 Geldeorp 5 12500 CCL 2 1 518 177 <sub>4</sub> 177 <sub>4</sub> - 1 <sub>6</sub> 1350 German 4
DENMARK	Thyseen	Electrolix B 304 —2 Ericason B 265 +2	Cethay Pacifia' 6.6 -0.85 Cheung Kong 24.4 -0.3 China Light 16.5 : -0.2	2'10mo Elect 1,500 + 110 2'tomo Metal 165 —3 Talsel Corp 780 : -10	2730 G3d Fry 3324 324 324 150 GR Pacific 7700 Cambridg 2551, 231, 241, -1, 2800 Greyhnd 6656 Camp RLA 5214 24 249 +3, 1700 OusiPA 1 6
Aug. 19 Price + or Knr % -	V.E.W 164 +1 Verein-West 486 +4 Volkswagen 595,5 +6.5	Mo och Domajo 307 -2 Pharmacia 814 -1	Evergo	Taisho Marine 1,170 : -30 Taiyo Kobe Bank' 750 : +10 Takeda	2100 Camp Soup 533 33 33 - 14 1020 Hawker 5 10150 Campsau 1 5281 <sub>8</sub> 281 <sub>8</sub> 281 <sub>8</sub> - 14 2394 Hayes 0 120083 CCam es p 5141 1414 141, + 14
Andolsbankon' 299  3 Baltica Skand 615 Cop Handels'nk 2607 D. Sukkerfab 340	ITALY	Sandvik	NK Electric	Teilin 587 —3 Toa Nenryo 1,610 —80 Tokal Bank 1,050 — 50	442 CDC 1 95% 6% 6% 6% 5% 582 H BayMn 8 3 5383 C Nor West 815% 15% 15% + 1 8306 H Bay Co 5 1100 C Packet 016% 16% 16%
Danske Senk 268 '-6 De Danske Lutt. 1,573 (-10 East Asialic 190 -4	Aug. 19 Ura -	StoraKopparbrg 332 -5 Swedish Match 365 +1	HK Bhanghal Bk 7 -0.05 HK Telephone 11,2 -0,1 Nutchison Wes 33,5 -0.75	Tokyo Gaz 1,220 +40 Tokyo Elegt Pwr. 7,200 + 40 Tokyo Gaz 01614 Tokyo Gorp 1,370	497318 Cl Bi, Com 5175, 174, 175, -4, 93758 Imp Oil A 5
Forenede 9rygs, 1,010 Forenede Damo. 220 +8 GNT Hid	Banco Com'le 23,950	Volvo 9 (Free) 4185	Jardina Math 15.5	Toppan Print 1,630 + 10 Toray	117730 CD Ltd 015 144 15 2166 Inland Gas 3 766173 CTre A I 514 131 135 3 6670 Inland Gas 3 1704 CI2nl A I 5194 1919 1919 1919 1919
/.E.S.8	C.L.R. 14,620 +670 Credito Italiano. 5,480 +50 Flat. 16,000, +500 Geograf Assigur 165,880 +7,500	SWITZERLAND	TV-8 7.75 -0.1 Winsor Inds 8.15' +0.1	Toyo Selken 2,50060 Toyota Motor 1,420   +60 USE Inda 8808 Victor 8,350 \ +80	12:00 Cannor 513:13:13:13:13:13:13:13:13:13:13:13:13:1
Privatbankon 247 –6 Provinsbanken 320 , –5 Sindth IF.L.) 8 265 Sophus Berend 770 –10	La Rinascente 1,200 +16	Adla Intl 6,926 +25	World Int. Hkdgs. 2.72 —0.05	Yamaha 675 —5 Yamalchi Sec 2,010 + 60	103200 Cara A I   591, 9   81, 1   1000   Ipsco   5   4750
Superfos 260 !	Olivetti	Bank Leu 3,780 —25 2rown Bover i 1,680 +6 Ciba Gelgy 5,500 +100	Aug. 16 : Frice + or	Y'manouchiPhm 5,360 +160 Yamazaki	5100 Confrd A \$6% 6's 6's 12 1 810 Kerr Add \$ 717 Centri Tr 510's 19 10 -1 100 Kiena Gid \$ 5609 Cominco 812's 12's 12's 12's 10758 Labatt \$
FRANCE	Pirelli Spa 6,692 +8 Salpem 5,698 +89 Sniz 9PD 8,800 +50 Toro Assic 28,495	Credit Suisse 0,725 —25	Yon -	SINGAPORE	10900 Computing   \$51, 51, 51, 51, 51, 51, 51, 51, 51, 51,
Aug. 19 Price + or Frs. + 90	NETHERLAND	Hoff-Roche PtCts 108,000 +2,500 Noff-Roche 1/10., 10,775 +275 Jacobs Suchard., 8,250 +50	Alf Hippon Air 1,070 . —30 Alps Electric 1,710 +70 Asahi Ghom 870	Boustead Hidgs., 1,12 -0,04	
Accor	Aug. 19 Price +or	Jeimoli	BNDK TOKVO 1657 ± 17	Cold Storage 3.54 -0.02 DBS 8.00 8.00 -0.02 Oenling 4.50 -0.02 Haw Per, 2105 2.6 -0.08	
810 522 +14 Bongrain 2,000 +60 Bouyguea 1,467   +17 BSN Gervala 4,140 +50 CIT Alcate  1,999 -1	ACF Holding 555 -2.8 AEGON 104,6 +0.4	Oer-Buchrie	2rother Inds 619 —2 Canon 800 —10 Casio Como 1230 —10 Chugal Pharm 1,350 +20	Hong Leong Fin., 2.60 +0.10 Incheape Bhd., 2.33 -0.02 Kennel Coro., 1.89 -0.04	NEW YORK
BSN Gervals	Ahoid	Echinglas December 870 140 1	Dalishi Kan Ni 1,000 - +20	Malay Banking 5.88 —0.02 Malay Utd. Ind 1.45 —0.03 Multi Purpose 0.43 —0.10 OGB0	DOW Aug. Aug. Aug. Aug. Aug. 19
Conmed	AMEY	Swiss Bank	Oalwa House1,690 ~30 Dalwa Sec2,270 +20 Elsal1,950 +60	Public Sank, 1.05	JDHES 18 15 14 15 18 High etngustriais 1869,53:1855,60 1844,91 1844,49 1835,49 1989,0 12/7
Oamart	Calland Higs 19.5	Swiss Reinsca 17,400 + 100 Swiss Volkabk 3,540 + 40 Union Bank 5,710 + 50 Winterthur inb 6,74050 Zurish ins 7,860	Fanuc	Singapore Air	H'me Brids 90,53 80,27 90,07 90,05 90,09 91,84 21/4
Elf Aquitane	Fokker	AUSTRALIA	Firukawa Elect. 592 +12	Tat Leo Bk 2.68   +0.02 UDB	Transport 755,59 756,00 754.00: 746,13 738,50,850,84 51/5
Lefargo Coppee. 1,370 ; +15 L'Oreal	Neinoken	Aug. 16 Aust 6. —	Hitachi Credit B.320 . +50	SOUTH AFRICA	Utilities 811.13' 811.84 810.04' 209,16 807.13 211.24 (15.81 60.37's High 1875 1-4' (1863,61) Low 1842,86' 11889
Legrand	KLM	ACI Inti	Indi. 8k apan 2,530 + 30	Abercom 2.90	
Matra S.A	Nat Ned Cart 88.5 +0.2 Hed Mid Bank 220   -1 Nadilovd 167.5 +0.5	Ameor 3,37	Isuzu Motor   351   -2   Itoh (C)   942   +37   Ito Yokado   4,480   +250   Jal   10,500   +300	AE&C	STANDARD AND POORS 1986
Perrier 765 -10	Oce Grinten	Aust. Nat. Inde 3.76 · +0.81 Bell Droup 10.6 · +0.4	Jusco	Anglo Am. Coal 50,78 +0.75 Anglo Am. Coro 55,75 -0.25 Anglo Am. Gold 284 +8 Barclays Bank 21,5 +0.25 Bartley Rand 12,95 -0.25 Burtlee 28 +1	Aug Aug Aug Aug Aug Aug 16 18 15 14 15 12 High
Printemps (Au.) 554 + 24	Rodemon 94 +0.3 Rodemon 133.9 +0.2 Rollneo 85.7 +0.4	Boral	Kobe Steel 187	CNA Gello	Lodustriala 272.28° 273.83 272.86 271.95 271.29 289.85 282.24 22 (2/7)
Rodgute	Royal Dutch	Brambles Inds 6.5	Kubota 404 +4	Ore-lontein	Domposite 246.75° 247.38 247.15 246.25 245.67 243.34 252.70 26
Thomson (CSF):1,599 +74	VHU 558.5, +7.5	CRA 5.06 . +0.02	Kyocera	Malcor	Aug Aug July 15 B 30
200111111111111111111111111111111111111	West on pontar.	Clarement Pot 0.81 +0.01	Mazza Motora 588   +8 Melja Belka 844   -1 MIE	Remprend: 77,5 : -0.5 Rust Plat 62,25 Sefron	Ind. D/E Reno
exchanges and are lest traded and Ex dividend, at Ex atrip issue	. xr Ex rights. as Ex ell. Price	Consolidated Pet 0.19	M'bishi Chem 8861 M'bishi Corp 1,200+80 M'bishi Elect 4634	Sage Hid29	N.Y.S.E. ALL COMMON RISES /
ta Kroner.		Energ Res 1.46  0.82	M'bishi Estate 2,450 · —70		1986
OVER-THE-	COUNTER	Nasdaq national market, 2	.30pm prices		Aug Aug Aug Aug 15 14 15 14 16 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18
Stock Sales High Low Last			eles High Lew Last Clung   Stock	Sales High Low Last Ching	142.02 142.32 142.22 141.79 145.15 117.75 Fals
(hints) Continued from Page 33	(Hosts) Reading 23 11 26% Recorn 16 165 10%	261 <sub>2</sub> 261 <sub>2</sub> - 1 <sub>4</sub> SoctySs 14 1 93 <sub>4</sub> 91 <sub>6</sub> + 1 <sub>8</sub> Softech	40 934 B'2 958 + 18 UBAriz	[Hinds] .04 37 603 173, 175, 175, 72 15 223 313, 311, 311,	NYSE-Consolidated 1500 Actives
OgilGps 80 15 48 293, 293, 293, 293,	Redukt 200 17 18 2314 Roboks 15 3402 26 Regyes 147 934	25 23 Softwa 12 1 251 <sub>4</sub> 251 <sub>5</sub> - 1 <sub>4</sub> SonocP .80 91 <sub>2</sub> 92 <sub>4</sub> SonrFd .15 <sub>1</sub> 10	23 40 39½ 39½ UBCoi 1 94 11 10¾ 11 - % UFnGrp	1 16 414 315 314 39 1.08 0 463 3014 2934 3036 + 14 10 198 316 3 3	Stocks J. 90p.m. Change Stocks Traded Price on Day Traded [CH Pharmi 1,434,690 28% + 36 CSX Corp 851,600
Okinica 1 10 10 122 38 384 385 Okinica 78 11 148 38 375 673 Okinica 58 20 213 211 213	- 4 RocvEt 29 195 5%	55g 51g SCerNt 96 14 1334 1334 Soltesp 10 434 434 StadFn .52 10		20 11 41 3434 3412 3412 - 19 641 86 152 7:9 649 656 + 14 10 11 1412 14 14	

OVER-THE-COUNTER Nasdaq national mar
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Stack   Sales   High   Low   Lost   Clung   Countinged from   Page 33
Continued from Page 33  Opticinued from Page 34  Opticinued from Page 3
Problem 98 44 47 197 88 48 47 47 18 18 5 18 5 18 18 18 18 18 18 18 18 18 18 18 18 18

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6000	Computing Comput in Comiern		51g 330 145	514 340 145	+ \b	1500	Lecane Lecilar A	\$2234	612 22 <sup>1</sup> 7	225	adi	3490 3223	Selkirk A I Shell Can Sherrio	\$25 \$2714 \$64	25 213 <sub>4</sub> 01 <sub>4</sub>	26 211 <sub>4</sub> 63 <sub>8</sub>	+ 15 - 15 + 18	Total :	Sales 3,134 60	0 share			_

DOW IDHE:	s	BUA	. Au	g	Aug.	Aug 13	. AL	В. Н	1986 gh Lov	_	a Cmo
elnđu	strials	1869,	53-185	5,60 Y	844,91	1844	49 163	5,49 190		29 1949.0 /1   2.7.8	
t'me	Bnds	90,5	3 80	.27	90,07	90	.05 9	0.09; 91 21	.94 85. i4 14	73   -	' <b>-</b>
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TANK	URD AM	POOR	s								
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purposi	iter 2	44.75"	247.38	247.15	246.25	245.57	243.34	252,70 (2/1)	283,49 (22/1)	252,70 (2/1/88)	4.40 (1/6/32)
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MONTREAL Portfolio	1,400.79*	1,599.15	1,541.12	1,511.96	1,623.33 (16/4)	1,386.6 (22/1)		

	Aug. i	Aug.	Aug.	Aug.	High 19	96 Low
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AUSTRIA Creditbk Aktion (50/13/8);	234,54	254,88	(c1 }	233.69	266.64 (23.4)	228,58 (5/5)
BELGIAN Brussel SE (7:1:84)	Z813,79	3805,68	(cr	8809,49	3615,79 (19:81	2:66.91 /15/1
OENMARK Copenhagen SE (&1/83)	198,62	208.24	199,93	208,44	250.70 (18/4)	193,69 (8:11
FRANCE CAC General  \$1/12/67  Ind Tendance  \$1/12/62	391.4 150,7	388.0 145,2 1	(c) .	565.3 146,2	411,8 (15,5) 154,8 (12/5)	267,6 (2.1) 101,6 (2.1)
GERMANY FAZ Aktien (51,12:56) Commerzbank (1:12:53)	688.66 2079.7	676_97 2050,2	867.07° 2009.8	674,30 2034,6	753,88 117-41 2278,6   17.41	563,92 (22)7 1762,4 (22)7
HONG KONG Hang Song Bank(1/7/64)	1935,69	1950.12	1985.76	1925,16	1950, 12 /16-8	1559.84 /19/
Banca Comm Ital. (1972)	799,01	776,58	(c)	765.08	908.20 (20/5)	454_87 (24)
JAPAN** Nikkal (16:5:49) Tokyo SE Hew (4/1:68)	18792.6 1566.48	18597.4 1540.28	18376,41 1529,29	18264.7 1615,09	18792,6   10:8: 1660.49   16 6:	
NETHERLANOS ANP.CBS Denoral (1970) ANP.CBS Indust (1978)	298_1 305.5	296.7 302.5	293.7 297,2	297.7 299.6	298,1 :19·8) 303,8 (19 8)	240,4 (3/5) 254,0 (3/5)
NORWAY Ozlo 6E 14:1:851	558,02	Z56,95	351,06	348.18	492,91 (16:1)	\$51.61  4/69
SINGAPORE 6traits Times (50, 12-66)	803,85	809,84	803.85	802,61	809.84 : 18 81	663,54 (28/4
BOUTH AFRICA JSE Gold (28/6/78) J2E Indust (28/9/78)	=	1518.7 1297. f	1526.6 1296.0	1559.8 1502.8	1605,4   111/69 1302,0 (14/9)	1109.1 (21/4 1019.0 (2/1)
SPAIN Madrid SE (50:12,85)	195,27	198.16	(Cı	191.60	198,15 / 18.81	180,05 :5;1)
SWEDEH Jocobson & P (\$1/12/56)	2567,44	2558,45	2567,65	2592,54	2620,62 (12.8)	1729.57 (28.1
SWITZERLANO SWISSBankCpn(31/12/58)	558.7	543,1	540.8 .	537.4	B25,5 (8·11	497,2 (4-8)
WORLD M.S. Capital Intl. (1:1/79)	_	358,4	55 <b>0.</b> 3 .	<b>548.7</b>	353.4 (18-8)	249.6 (23/1

\*\* Saturday August 16: Japan Nikkai (c). TSE (c)

Base value of all indices are 100 except Brussels SE-1,000, JSE Gold-253.7. JBE Industrial-254.3, and Australia. All Ordinary and Metala-500. NYSE All Common-50: Standard and Poors-10: and Teronto Composite and Metala-1,200. Toronto Indices based 1975 and Montreet Portfolio 4/1/83. f Excleding bonds. 1400 Industrial Olus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavellable.

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	Brit Petroleum 625 Brown (Matthew) . 495	+15 +30	English Trust 145 Hepw. Ceramic 205	+14 + 8	Tritoo Europe 118 Vaux 400	+12 +20	Stand. Chartered 722 Viewplan 50	- 15 - 8	
	Blue Circle 548	+10	Elec,comp 395	+ 8	Thorn EMI 489	+ 7	Mount Charlotte 94	- 5	
Ì	Berk & Hay Hill 15		Costain 550		Tarmac	+12	Jaguer 498	-27	
Ì	Treas 13% '04-08 £134	+ £%	Comb Eng Stores 228xx	+13	Supra 75	+ 7	Giaxo 965	-30	
ŀ	RISES				Ratners (Je.) 198	+ 8	De Beers Defd 414	-39	
ı					Peerless 134	+ 9	Courtaulds 262	<b>– 8</b>	
	LUNDUN	(in pence t	unlass otherwise indicated	)	Mowlem (J.) 398	+10	Beecham 395	8	
		GI	iei biice cuandes		Holmes Protection 124	+ 4	FALLS		

# Foreigners flood in as buyers

Continued from Page 34

Bonds ended with gains of around 10 basis points, but mostly with losses of shout 5. The Bundesbank sold DM 14.6m worth of paper after buying DM 1.6m on Monday.

Amsterdam ended mixed to firmer as

some gains were pared at midsession. The ANP-CBS index rose to a record 298.1, up 1.4, but was calculated on profit

298.1, up 1.4, but was calculated on profit taking.

NMB's 30 per cent half year profit increase came too late to support banks which mostly ended lower, while publishers continued their steady rise. NMB was down FI 1 at FI 220 and Amro shed FI 1.20 to FI 108.90.

The steel group Heagewers continued

The steel group Hoogovens continued weak, losing 80 cents to F1 77.20 on concern over its earnings for the rest of the year.

The ceotral bank cut interest rates on some borrowing facilities for Dutch banks and this may open the way in the next few weeks for a new round of rate

cuts by commercial banks.

Bonds traded higher oo renewed buying interest.

Zurich was strong on foreign demand as local investors remained on the sidelines. Industrials and financials were particularly popular.

Insurers, suffering from profit-taking, were weaker with Winterthur bearer down SFr 60 to SFr 6,740.

Bonds ended little changed as investor activity slowed. Brussels was buoyant although vol-ume was down, affected by summer holi-

days.

Chemicals were particularly strong with UCB up BFr 200 or 4 per ceot at BFr 8,500

Market leader Petrofins was active and reached the BFr 9,000 barrier dur-ing trading before settling back to end up BFr 60 at BFr 8,980. Stockholm succumbed to profit-taking

and turned lower. Ericsson managed a SKr 2 rise to SKr

225, however.

Elsewhere, Volvo, which will request a listing oo the Tokyo stock exchange and is due to report next week, fell SKr 5 to SKr 412 and Electrolux, which will publish its second-quarter results on the same day, dropped SKr 2 to SKr 304.

Figures from the Ceotral bank show that in July foreign investors became net sellers of Swedish stock compared with being net purchasers in June. For-

with being net purchasers in June. For-eigners sold SKr 606m worth of shares in July compared with SKr 1.26bo worth of purchases the previous month.

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SWITZERLAND

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# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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1939-1935 1939-1 Continued on Page 33

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# NYSE COMPOSITE PRICES

NYSE COMPOSITE PRICES	AMEX COMPOSITE PRICES  Prices at 3pm, August 19
He will be a second to the sec	Sack Dr E 1003 High tor Clear Carge  ACHING 200 6 11; 75 - 1;  Defined 833 17; 13; 13; 13; 13; 13; 13; 13; 13; 13; 13

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# FINANCIAL TIMES **WORLD STOCK MARKETS**

**WALL STREET** 

# GNP growth sets alarm bells ringing

THE SUBSTANTIAL downward revision of the Commerce Department's esti-mates of GNP growth set the alarm bells ringing in the securities markets yesterday, writes Terry Byland in New York.

Federal bonds rose sharply and stock prices opened with widespread falls on this fresh evidence of a faltering US

economy.

But, with Wall Street economists quick to re-interpret the GNP estimates, the early losses in stocks were largely eliminated by mid-session. A buying programme in 1BM, taking the stock up \$21/2 to \$137%, led the recovery in the blue chips.

By 3pm the Dow Jones industrial average was 8.86 down at 1,860.66.

In the credit markets, revised GNP estimate of only 0.8 per cent growth in the second quarter, against the previous estimate of 1.1 per cent, appeared to heighten the chances that the Federal Reserve will decide to cut its discount rate again - perhaps at the meeting of the Open Market Committee, in session yesterday and today.

The Commerce Department's statistics unsettled the stock market, where

FT-Actuaries

1983

August 19 Previous Year ago

1,860.66\* 1,869.52 1,312.50

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211.13

247.38

1.273.6

793.93

873.09

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STOCK MARKET INDICES

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1985

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**NEW YORK** 

LONDON

FT Ord

FT-SE 100

FT-A 500

FT-A All-share

FT Gold mines

FT-A Long gill

**DJ** Industrials

DJ Transport

5&P Composite 246.26\*

analysts were already warning that a substantial correction might be imminent - perhaps a shakeout down to the Dow 1,000 area.

Stock index futures quickly moved to a discount and programmed selling drove the Dow down by more than 4 points in early dealings. But prices rallied in modest trading as selling died

Transport issues remained weak, bringing a renewed slide in the Dow transportation average. But the utilities average advanced as bopes of an early cut in discount rate boosted utility

With the outlook for oil prices still in confusion, there were losses for the major producers. Atlantic Richfield lost \$1% to \$54% and Chevron \$1 to \$42%. At \$65%, Exxon slipped \$% in brisk turn-

Technology issues were helped by a favourable reception for the results from Hewlett Packard, which bounced ahead \$1% to \$42 in beavy trading, when lower second-quarter earnings were balanced by improving sales trends.

Burroughs edged up \$% to \$70%, hut Honeywell, still hurt by the disclosure that Sperry bad considered - but rejected - bidding \$105, eased \$1/2 to \$711/4.

Among the beavy manufacturers, Deere, the farm equipment maker, eased \$\% to \$25\% after announcing a third-quarter loss. The Detroit car makers, bowever, joined in the market advance, led once again by Ford, up \$11/2 at \$81.

A weaker dollar proved little benefit for pharmaceutical issues. Merck dipped 5% to \$115% and Pfizer at \$69% was \$% off. Among the chemical leaders, Mon-

CURRENCIES

2.0705

154.10

1,6755 2,3325 1,421 42,85

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US BONDS

1002%

Index

157.23

148.98

151.44

186.93

91.375

FINANCIAL FUTURES

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Three-month Eurodollar

**Notional Gift** 

93.89

LONDON

Latest High

102-03 102-14 101-25 101-04

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Yield

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Aug 19' Day's

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santo sagged 5% to \$70% and Du Pont 5%

to \$79%. A major development among the takeover stocks came in Sun Chemical, which bounded up \$10% to \$84% after it agreed to sell its graphic arts divisions to Dainippon Ink and Chemicals for S550m. The deal seems to write off Dainippon's interest in acquiring Sun, but leaves unclear Sun's own plan to buy out for \$267m the outstanding equity in Chromalloy American, which added S'4

Stock in Frushauf, the Detroit truck manufacturer, was unchanged at \$47% as the board halanced a sweetened bid of \$49.50 a sbare from Asher Edelman against the \$46.50 offered from Merrill

With corporate results still bearing mixed tidings on consumer spending, re-tail stocks looked irregular. Sluggish quarterly profits left May Department Stores unchanged at \$37, Federated Department Stores 5% up at \$81%. Allied Stores 5% off at \$50% and Dayton Hudson S% lower at \$46%.

Bank stocks weakened despite the expectations of lower interest rates. J. P. Morgan fell \$1% to \$93 and Bankers

Trust at \$50% eased \$%.
In the credit markets, bopes of lower rates were encouraged by a dip in federal funds to 6% per cent without Fed intervention. Treasury bill rates eased, three-month hills shading seven basis points to 5.55 per cent virtually preempting a balf point out in discount rate.

In the bond market, prices stayed firm throughout the session, with the key 30year bond returning a yield of under 7.20 per cent, close to the low for the present

### **AUSTRALIA**

A HESITANT mood enveloped Sydney

as the market awaited the budget statement after trading had closed.

The All Ordinaries index dipped just 0.4 to 1,185.4 on volume of 107m shares, compared with the mendant 111.5.

compared with the previous 111.6m.
Leading industrials continued higher on the back of a firmer dollar. Strong institutional support was also seen from local and overseas investors for some bank and media stocks.

ANZ firmed 6 cents to AS4.96 amid heavy foreign demand but Westpac eased 2 cents to AS4.78.

Nicholas Kiwi put on a sbarp 85 cents to A\$3.80 on the announcement that Sa-rah Lee of the US had launched a takeover offer at that price.

Mining stocks were sbarply weaker, dragged down by widespread profit-taking among the higher priced issues.

### LONDON

A MID-SESSION rally in London equity most leading equities settled lower on balance. Gilts by contrast, enjoyed a firm and active trading session.

The FT-SE 100 sbare index settled 4.8 down on the day at 1,804.4 while the Financial Times Ordinary index ended 5.8 lower at 1267.8.

Government securities came to life with a flourish as huyers showed a revival of interest. Longer dated stocks pushed ahead to close with rises extend-

Chief price changes, Page 31; Details, Page 30; Shore information service, Pages 28-29.

### **HONG KONG**

LOCAL profit taking overpowered continuing demand by overseas investors leaving Hong Kong lower in active trad-

ing.
The Hang Seng index fell 14.43 from
Monday's record high to close at

Among the leaders, Cheung Kong eased 30 cents to HK\$24.40, China Light and China Gas 20 cents each to HK\$16.50 and HK\$18.10 respectively, and Hongkong Wharf 5 cents to

Hongkong Land dipped 10 cents to HK\$6.45, Hutchison Whampos 75 cents to HK\$33.50 and Jardine Matheson 20 cents to HK\$15.50.

In the opposite direction, US demand was noted for Hang Lung Development, taking the stock up 10 cents to HK\$8.05.

### SINGAPORE

LATE selling pressure left Singapore lower for the first time in seven trading sessions, taking the Straits Times industrial index down 8.49 at 803.35.

The market bad marked time for much of the session consolidating the gains of the previous week before a round of profit-taking was triggered by local investors. Some scattered institutional buying was still seen but foreign investors were mostly absent.

Among actively traded issues, UOL sbed 5 cents to \$\$3.04 while City Development eased 1 cent to S\$1.74.

Banks were mixed after Overseas Union Bank reported a 12.4 per ceot decline in first half post tax profit, which was in line with expectations. OUB shed 10 cents to \$\$3.04.

### CANADA

TORONTO stocks continued their retreat in active trading, taking their cue from Wall Street.

Active industrials were mostly lower. Canadian Tire shed C5% to trade at C\$13%, Sears Canada fell C\$1/2 to C\$11% and Inco was C\$1/4 lower at C\$151/4.

In a generally higher gold sector, Echo Mines rose CS% to CS25% and Placer Development added CS1 to CS281/4.

**EUROPE** 

# **Foreigners** flood in as buyers

FOREIGN BUYERS flooded into most European hourses yesterday, spurring advances in recently depressed markets or sustaining bourses already making

Milan hegan its new bourse month in spectacular fashion and the return of major institutional investors pushed the market index up by about 3 per cent, the fifth consecutive gain.

Insurers were again active after Monday's substantial rises. Quotations for some companies were temporarily suspended for the second time this week because their gains had exceeded the daily allowed trading levels.

Generali railied L7,600 to L165,600

while Toro remained steady at L28,495 after substantial gains in the previous session and Assicurazioni Milano ended at L41,950, down L12,650 after deducting a L17.460 right of opnion.

Italmobiliare, the Pesenti group bolding company, also rallied on expectations of a capital increase exercise. It advanceri L5,400 to L141,600. Its cement subsidiary Italcementi rose L1,000 to

Speculation of a fund-raising operation at state bank Mediobanca pushed it L6,500 higher to L302,500.

Paris moved higher for the sixth consecutive session as news of a 2.3 per cent rise in June industrial production belped boost prices.

Some analysts see the market remaining firm until at least Friday when the new monthly trading account begins.

Retailers, food and electrical issues succumbed to demand from foreign buy-ers. Demart put on FFr 137 to FFr 2,285, chamoagne-to-rosebusb group Moët Hennessy adoed FFr 63 to FFr 2,305 while Thomson CSF rose FFr 74 to FFr

Roussel-Uclaf continued lower, bowever, dropping FFr 32 to FFr 1,628 after losing FFr 25 on Monday and reporting lower turnover for the first six months. Oslo was boosted by the performance of insurers and the bourse continued an

uninterrupted seven-day climb. Norway's biggest insurance company,

Storebrand-Norden, attracted NKr 12 to NKr 289.50 while high demand for competitor Vesta-Hygea pushed its sbares up NKr 10 to NKr 233. Both companies plan to raise prem-

iums, especially on car insurance and both have shown improved results from re-insurance underwriting overseas.

Kvaerner Industrier gained in popu larity on news that metals producer El-



kem had bought a 27 per cent stake in the big engineering group from shipping group Bergesen. Kvaerner rose NKr 9 to

Madrid, recently ignored by overseas investors, is setting records daily as foreigners give the market a shot in the arm. Yesterday the Madrid index stood at 195.2, its highest level since May 12 when it reached 194.1.

The foreigners, mostly from Switzer-land, West Germany and Britain, bave been attracted by banks which showed strong first half profits. The state-owned Telefonica telephone company has also received strong interest and yesterday it gained 2.3 per cent of its nominal value to end at 196.2 per cent.

Foreign investment in the first half of the year was \$1.3bn almost twice the

\$765m in 1965. Frankfurt felt the influence of foreigners in a market already higher on domestic demand. The Commerzhank in-

dex rose 29.5 to 2,079.7.

Most car and banking issues took on gains of around DM 10 although advances in other sectors were more mod-

Insurer Allianz, which sold its wholly-owned Australian subsidiary to a Sydney-based insurance company, rose DM 30 to DM 2,570, and among chemicals BASF added DM 10.80 to DM 277 and Bayer jumped DM 11 to DM 301, both

Bayer jumped DM 11 to DM 301, both ahead of half-year results.

Sports goods company, Puma, which has seen a meteoric rise since its flotation in early July, firmed DM 10 to DM 1,060. The share was first offered to the public at DM 310.

Continued on Page 31

### **SOUTH AFRICA**

GOLD sbares picked up early losses to close firmer in Johannesburg with prices buoyed by a weakening in the financial rand. The sector also benefited from a slight recovery in the bullion price, taking Vaal Reefs up R8 to R300.

Platinums recovered but diamond share De Beers fell R2.50 to R32 after interim results. Among mining financials, Gold Fields was unchanged at R49 following its annual results.

**TOKYO** 

# Record run is extended amid doubts

BUYING enthusiasm mounted in Tokyo yesterday following reports that a Reagan administration official had asked Japan to cut its discount rate ahead or the US and West Germany, writes Shigen Nishiwaki of Jiji Press.

Treding houses, biotechnology issues and some blue-chip stocks surged, taking the Nikkei market average to a fourth successive all-time high, up 185.17 at 18,792.61. Volume swelled from 1.028bn to 1.3bn

shares. But declines outnumbered advances by 494 to 373, with 110 issues unhanged. Some concern was evident, however, changed.

about the current precariously high level of prices, despite widespread expecta-tions of a further rise.

Buying interest shifted from large-capital steels and shipbuilders to trading firms, biotechnology issues and some electricals and precision instrument

manufacturers. Mitsui was actively traded, rising Y83 to an all-time high of Y773, compared with its previous peak of Y734 set in 1972. Mitsubishi advanced Y80 to Y1,200,

C. Itoh Y57 to Y942 and Marubeni Y59 to Y565. Hitachi'improved Y35 to Y895, despite expectations that its pre-tax profit will drop below Y100bn in the financial year ending next March for the first time in

ending next March for the first time in eight years, down nearly 40 per cent. The electrical group's unexpectedly strong gain drove other electricals higher. NEC gained Y160 to a record Y1,670, eclipsing the April 30 peak of Y1,850. Toshiba shed Y11 at one stage but closed Y11 up at Y640. Anritsu Electric put on Y240 to Y3,260.

. Financial stocks remained popular, with Nomura Securities jumping Y60 to Y3,440 and Tokio Marine and Fire Insurance Y40 to Y1,820. Nippon Kokan topped the active stock

list with 150m sbares changing hands and firmed Y4 to Y259. Nippon Steel put on Y3 to Y204, while Mitsubishi Heavy Industries slipped Y6 to Y579 on profit-taking and Tokyo Gas Y14 to Y916. The Tokyo Stock Exchange decided

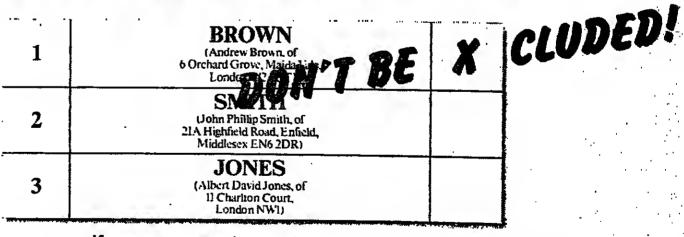
from today to begin afternoon trading 30 minutes later than usual, as extremely brisk trading was proving too much for some securities companies to handle. Bonds strengthened in early trading

Trits pack

Parotest

The yield on the benchmark 6.2 per cent government bond falling due in July 1995 plunged from 4.575 to 4.540 per cent at one stage but rallied to 4.560 per cent under selling pressure.

# ATTENTION BRITISH CITIZE LIVING ABROAD



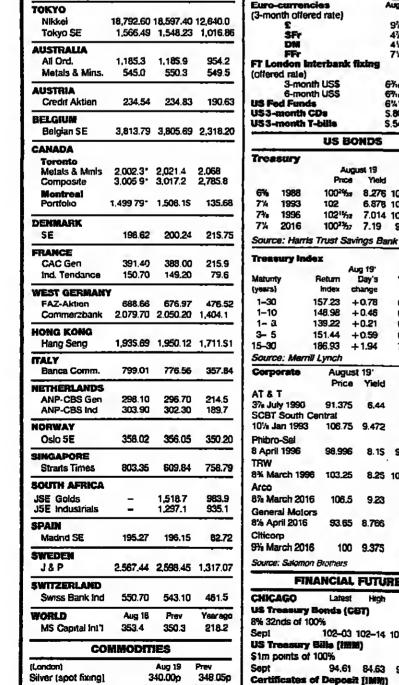
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€865 00

£2002.50

Prev \$377.75

\$377.75

5378.21

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£862.2S

£2007.50

GOLD (per ounce)

\$ 13.95

August 19 \$375.25

5374.125

5369.06

S372.75

Copper [cash]

Coffee (Sept)

London

Pans (lixing)

New York (Dec)

Oil (Brent Olend)